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Demjanjuk case: a trial to stir the memory, Page 21

World news

Early launch for BBC world TV urged

The British Government will be urged to give an early go-ahead for the BBC to launch a television version of radio's World Service delivered by satellite.

More than 150 MPs, including 70 ruling Conservative Party members, have signed an all-party motion. They applauded the example set by the rival Independent Television News for its international news on Super Channel, the British satellite television channel aimed at Europe. Page 10

Nicaragua black-out

Rebels cut of electricity supplies throughout Nicaragua yesterday by blowing up pylons north of Managua, the capital.

Egyptian poll

Millions of Egyptians voted for a new parliament, certain to be dominated by President Hosni Mubarak's National Democratic Party. Page 3

Mitterrand in Portugal

French President Francois Mitterrand began a two-day state visit to Portugal, which is gripped by a political crisis. His talks with Portuguese leaders are expected to focus on European Community themes, East-West relations and Africa.

US candidacy

US Congressman Jack Kemp, a former professional football star, announced his candidacy for the Republican Party's 1988 presidential nomination with a pledge to promote economic growth, defend freedom and protect family values. Page 4

Munich brewery fire

More than 150 firemen fought to control a huge fire at the brewery which serves Munich's world-famous Hofbräuhaus beer hall.

IRA bombs claim

The Irish Republican Army claimed responsibility for two explosions and a rash of bomb alerts in Belfast which police believed were linked to the funeral of a murdered IRA man.

Polish sell-off plan

Poland outlined plans to privatise some state industries. The Communist regime may also start a stock exchange as part of reforms aimed at getting market forces to steer the economy. Page 2

Pope leaves Chile

Pope John Paul II wound up a trip to Chile by appealing for reconciliation and visiting a jail where he shook hands with inmates. His trip was marked by violent protests against military rule.

Aquino murder pleas

Former Philippines tourism minister Jose Aspiras and nine others pleaded not guilty to the murder in 1983 of opposition leader Benigno Aquino. Page 3

Danish farm protest

About 15,000 Danish farmers staged a protest against what they see as threats to their livelihood from the Government and European Community (EC).

Lonrho mine strike

About 600 workers on strike at a Lonrho-owned gold mine in Arcturus, 40 km (25 miles) east of Harare, Zimbabwe, vowed to continue until their manager was sacked over arbitrary dismissals.

'Red Millionaire' dies

Jean-Baptiste Doumeng, the French "red millionaire" and France's best-known communist businessman, died yesterday aged 68. Page 2

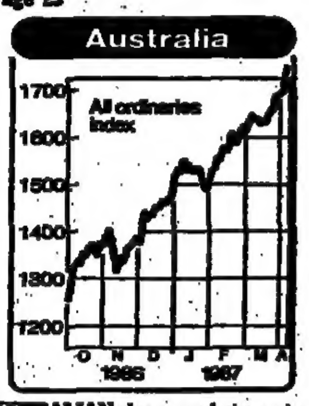
Business summary

Airbus presses for $2.5bn decision

AIRBUS Industrie, European aircraft manufacturer, is pressing its four government shareholders for a decision by midway through this month on the $2.5bn required to finance the new generation of aircraft it plans to construct – the long-range A-340 and the short and medium-range A-330. Page 2

PILOTS' union at United Airlines, the second largest US air carrier, has offered to buy the airline for $4.5bn. It was initially dismissed as a publicity stunt.

ANDERS Wall, the Swedish financier, announced plans to shake up his business empire by merging two companies, Beijer and Argentus. Page 23



AUSTRALIAN share markets again rose to record levels on continued demand for leading gold and industrial stocks. The All Ordinaries index closed up 24.5 at 1,746.4. World stock markets, Page 44.

TOKYO: Investor concern over the high level of prices pushed stocks lower for the first time in five sessions. The Nikkei average fell 152.58 to 21,586.11. Page 44

LONDON: The strength of the pound and stock markets in Tokyo and New York helped push equity prices into a substantial recovery. The FT-SE 100 index added 24.5 to 1,989.6 and the FT Ordinary index rose 19.6 to 1,586.0. Page 44

WALL STREET: The Dow Jones industrial average closed 15.20 up at 2,405.54. Page 44

DOLLAR closed in New York at DM 1.82.85; SFr 1.5185; FFr 6.0700 and Y145.875. It rose in London to DM 1.8250 (DM 1.8180); to FFr 6.0725 (FFr 6.05); to SFr 1.5195 (SFr 1.5140); and to Y146.05 (Y145.70). On Bank of England figures the dollar's exchange rate index rose to 101.7 (101.4). Page 33

STERLING closed in New York at $1.6180. It rose in London to $1.6175 ($1.6140); to DM 2.9525 (DM 2.9350); to FFr 9.8225 (FFr 9.7650); to SFr 2.4575 (SFr 2.4425); and to Y236.25 (Y235.25). The pound's exchange rate index finished at 72.4 (72.5). Page 33

GOLD rose $3.00 to $422.0 on the London bullion market. It also rose in Zurich to $421.75 ($418.45). In New York the June Comex settlement was $422.60. Page 32

HACHETTE, the leading French publishing group, reported a 27.3 per cent increase in consolidated net earnings excluding minority interests to FFr 215.8m ($35.9m) last year from FFr 169.5m the year before. Page 24

BENETTON, the Italian casual clothes producer which last year made its debut on the Milan bourse, revealed a 17.5 per cent rise in its 1986 consolidated net profit to L113bn ($88.9m). Page 23

FRANCE'S two leading merchant banks, Compagnie Financière de Paribas and Banque Indosuez, have unveiled sizable profits. Page 23

GENCORP, the Ohio-based industrial conglomerate which used to be known as General Tire and Rubber, has announced a $1.62bn share buy-back and corporate restructuring in an attempt to thwart a takeover bid. Page 23

CAESAR'S World, the Los Angeles-based casino company which is resisting a $1bn takeover bid from its largest shareholder, Mr Martin Sosnoff, plans to defend itself by raising $800m in junk bond borrowings and distributing the proceeds to shareholders through a special dividend. Page 23

No olive branch from Herzog on Belsen pilgrimage

BY DAVID MARSH IN BERGEN-BELSEN

THE SIX green German military helicopters swung in low over the trees in the still forest glade yesterday as the Israeli President, 42 years afterwards, came back to Bergen Belsen.

Mr Chaim Herzog, as an officer in the British Army sweeping eastwards, was here for the first time in April 1945, a week after the liberation of the Nazi concentration camp in which 50,000 prisoners, mainly Jews, died in an inferno of cruelty.

Yesterday he returned, upright, black-coated and sad, as the first Israeli head of state to pay a state visit to a nation which many of his countrymen have learned to damn.

"After 2000 years of expulsion and presecution, this is something ... an Israeli President in a foreign land," said Mr Henry Korman, a 65-year-old Jew from Hanover, the nearest large city to the infamous camp, speaking with emotion

He was among the knot of elderly Jewish people who were the first to greet Mr Herzog when he visited Bergen Belsen, accompanied by Mr Richard von Weizsäcker, the West German President. "Young people must not forget – we can learn from history."

The arrival at the site of the Nazi camp, the first stop in Mr Herzog's five-day visit to West Germany, represented one more shift along the path towards painful reconciliation between the two peoples.

The Germans have indeed learned from history, but Mr Herzog's visit is none the less being treated uneasily by the German media and public opinion. The West Germans are torn between a nagging sense of responsibility and guilt for the sins of the past and a desire at last to emerge – somehow – from the shadows and the shackles of Nazism.

Mr Herzog's near pilgrimage to West Germany, repaying a landmark trip to Israel by Mr von Weizsäcker in autumn 1985, has been fiercely criticised by some Israeli politicians. The Belfast-born 68-year-old, still with a touch of the elderly English officer-gentleman about him, says letters in his postbag lately have been more supportive than recriminatory.

But in his brief, stern memorial address, delivered yesterday in Hebrew, Mr Herzog could not be accused of handing out an olive branch to the German people.

"I do not bring forgiveness with me, nor forgetfulness," he said. "The grief of your death will eternally be with us. Not as a perpetual hatred; not as barren, paralysing hostility; but as a call to strength and steadfastness."

Among the onlookers – a cluster of Jewish representatives, a bevy of officials and journalists and the patrols of green-coated German police standing watch in the forest – were those whose grief had been cauterised over the years but still remains alive.

Mr Korman is a survivor of Bergen Belsen. He is one of the 300-400 strong Hanover Jewish community who come to the camp each year on April 15, the anniversary of its liberation.

The camp was razed by the British in 1945 to curb the spread of disease. Today, the park of springy heather dotted with stone memorials and birch trees is a blasted heath.

Mr Herzog trod the soil yesterday, inaugurating his own memorial, a plaque of Jerusalem rock bearing the words from the psalmist: "My sorrow is continually before me."

As Germany and Israel tread a new path, the pain and the incomprehension have not been extinguished.

Israeli President Chaim Herzog unveils a new memorial stone at the site of the Bergen-Belsen concentration camp.

Supreme Court leaves Texaco open to $11bn Pennzoil suit

BY WILLIAM HALL IN NEW YORK

TEXACO, the third biggest US oil company, suffered a major setback yesterday in its long-running legal battle to overturn an $11.1bn damages award, when the US Supreme Court decided not to intervene in a dispute about the size of bond which Texaco is required to post in order to appeal against the damages award.

The US Supreme Court yesterday reversed a lower court injunction that barred Pennzoil, a medium-sized Texas oil company, which has accused Texaco of interfering with its planned takeover of Getty Oil in 1984, from taking any action to enforce a $11.1bn judgment against Texaco awarded by a Texas court.

The US Supreme Court ruled unanimously that the matter of the bond that Texaco should post to appeal against the damages award should have been considered in a Texas court and not in a federal court.

Justice Lewis Powell said that in his opinion he was not expressing any views on the merits of the underlying case. He said that the federal courts should have abstained from hearing the bond dispute under the principles of federalism annunciated in a Supreme Court ruling in 1971.

The question of the size of the bond which Texaco may be forced to post in order to appeal against the largest damages award in the history of the US civil justice system, is only a side-issue in the long-running legal battle, but it has emerged as a key element since Texaco has warned that it might be forced to file for bankruptcy if it has to post a $12bn bond.

The company said last night that it had appointed bankruptcy lawyers as a contingency measure.

Meanwhile Moody's, the leading credit rating agency, placed all securities issued by Texaco and its related companies under review for "potential downgrade."

On Wall Street, Texaco shares slumped in heavy trading yesterday and by mid-day were being quoted $3⅝ down at $33⅜, while Pennzoil shares jumped by $7⅝ to $89⅝. Mr Martin Klein, a bankruptcy expert with Dreyer & Traub, a New York law firm, described the Supreme Court decision as "a serious setback" for Texaco.

Mr Klein said that Texaco's legal strategy had been to get the main elements of the case heard by the US Federal Courts where Texaco believes it will get a fairer hearing than in the local Texas courts.

Wall Street analysts believe that the decision has increased pressure on Texaco to arrive at a negotiated settlement.

Mr James Kinnear, Texaco's chief executive, tried to play down the scale of the legal setback yesterday and noted that Pennzoil had indicated on several occassions in the past that it did not intend to "put liens on Texaco properties or seek to otherwise enforce the judgment until Texaco has had the opportunity to resolve all issues relating to the bond and lien matters before the courts."

However, he said that "if these efforts in the courts and in discussions with Pennzoil fail to provide Texaco with the reasonable relief it requires to continue appeal on the merits of the case, Texaco would have no alternative but to seek protection of its stockholders' interests under Chapter 11 of the US bankruptcy code."

"Today's US Supreme Court decision addresses only the Texas Security requirements. The court did not review either the merits of the Texas trial court judgment or the federal and constitutional issues which have been raised by the trial and appellate court proceedings in Texas. Those matters are the subject of Texaco's appeal of the trial court judgment, which will continue in the Texas courts and, if necessary, in the US Supreme Court.

Lex, Page 22; BP's fight for Standard Oil, Page 22

UK tells Tokyo to ease stock exchange entry stance by June

BY IAN RODGER IN TOKYO

BRITAIN expects the Tokyo stock exchange to set by the end of June a timetable for admitting more foreign securities firms to membership, Mr Michael Howard, UK Minister for Corporate and Consumer Affairs, said yesterday on the first of three days of trade talks in Tokyo.

Mr Howard's visit, part of a regular six monthly series of bilateral exchanges on financial issues, has taken on a much greater significance than usual in the light of the sharp increase in trade tension between the UK and Japan in recent weeks. The minister himself said yesterday that the trade situation between Japan and the UK was at a crucial stage.

During his visit, he will be discussing not only financial issues, but also other trade issues, such as the opening of Japan's telecommunications market to foreign companies, including Cable and Wireless of the UK.

Yesterday, Mr Howard met Mr Toyoo Gyohten, Japan's Vice-Minister of Finance for international Affairs, to press Britain's demand that the Tokyo stock exchange open its doors to more foreign securities firms. A Ministry of Finance official said after the meeting that Mr Gyothen had acknowledged that this was "a very serious issue" and he undertook to study it in a "forward looking manner." However, he told Mr Howard that it was a matter for the exchange itself, which is a private organisation, to decide.

The TSE, which has 93 members, admitted its first six foreign members, three of them British, in December 1985. Since then, several other foreign securities firms, backed by their governments, have been clamouring for entry. Mr Michio Takeuchi, president of the TSE, has said repeatedly that the exchange would not be able to admit any new foreign members until 1988, when it would have expanded premises.

Mr Howard is to meet Mr Takeuchi tomorrow. He told reporters yesterday that he expected a response from the TSE by May or June on his demand for a timetable.

Mr Howard pointed out to Mr Gyothen that new legislation would take effect on April 23, giving the British Government power to take reciprocal action against Japanese financial firms in Britain if Japan did not open its financial markets to British firms. He emphasised, however, that such retaliation would only be in response to Japanese behaviour in the financial sector, not others.

There have been suggestions that Britain's sudden aggressiveness on financial issues is related to its anger over Japan's protectionist behaviour on a telecommunications industry issue. The Government denies this.

Mr Howard also yesterday met Mr Makoto Kuroda, Vice Minister for International Affairs in the Ministry of International Trade and Industry (MITI) to discuss other trade issues. He hopes to meet officials of the Ministry of Posts and Telecommunications (MPT), which is responsible for the expansion of the country's international telecommunications sector, but a time has not been set yet.

● The Japanese Prime Minister, Mr Yasuhiro Nakasone, said yesterday in the Diet that the revised merger plan of two consortia seeking a licence for a second international telecoms service agreed last week among the leading Japanese companies involved was a "reasonable" solution to this controversial problem.

It was the first public comment the Prime Minister has made on this issue.

The US, in a set of new rules regarded as evidence of a tougher trade policy, has dropped $4.7bn worth of products from the list of exports from developing countries that are imported duty-free. Page 22.

Eurotunnel share issue delayed

By Andrew Taylor in London

PLANS by Eurotunnel, the Anglo-French Channel tunnel consortium, to raise £750m ($1.21bn) in an international share issue in July have been put back until the autumn.

In a separate move Eurotunnel announced yesterday that S.G. Warburg and S.G. Warburg Securities, the merchant banking and stockbroking arms of Mercury International, had joined the list of financial advisers to the consortium.

Eurotunnel now plans a smaller private issue in July, probably a rights issue of no more than £100m, to tide its finances over until the autumn when it plans a much larger public offering.

The consortium said it had revised its timetable for concluding its funding arrangements to allow more breathing space to market the autumn share issue and to avoid congestion in equity markets with several major British and French privatisation issues planned for the early summer.

The revised timetable would also avoid the possibility that the equity issue would conflict with an early British general election and remove the risk of the issue running into the peak summer holiday season in France.

The equity issue cannot go ahead until the consortium signs the final agreement with its bankers for the provision of up to £5bn in loans and standby credits. Before this can happen Eurotunnel has to conclude agreements with BR and SNCF, the British and French state-owned railways, which between them could account for up to half the traffic using the tunnel.

Continued on Page 22
Lex, Page 22

UK and France urged to develop cruise missile

BY DAVID HOUSEGO IN PARIS

BRITAIN and France should work together to develop a long range supersonic cruise missile as the first stage towards a European nuclear strategic deterrent, the defence committee of the French National Assembly says in a report published today.

The proposals included in the report drafted by Mr François Fillon, the leading defence expert in Prime Minister Jacques Chirac's neo-Gaullist RPR party, reflect the major changes now taking place in French defence thinking, which was long based on the principle of the independence of the French national deterrent.

The report says the Gaullist doctrine of "splendid (nuclear) isolation" carries with it the risk for France of a subjugated neutrality, or "Finlandisation."

The report, prepared before the Government submits its five-year military expenditure programme to the National Assembly, contains what are probably the most detailed costings and analysis of French policies carried out by a parliamentary defence committee. It also points to the difficult future facing French defence industries, including the state-owned Groupement Industriel des Armaments Terrestres (GIAT), Aérospatiale and Dassault as a result of the decline in export orders.

The discreetly worded proposal for Franco-British co-operation to develop a supersonic cruise missile that could come into service early next century as a complement to the nuclear submarine fleet, comes in the wake of a recent agreement between the French and British governments on a closer exchange of information over nuclear issues.

It also coincides with support being voiced within French defence circles for a European deterrent – including a nuclear umbrella for West Germany – as a way out of the embarrassing dilemma for the French of the recent Soviet proposals for eliminating short-range nuclear weapons.

As the only European power to possess tactical nuclear weapons, the French face a difficult choice of continuing to develop the Hades missile irrespective of European public opinion, of abandoning the weapon in favour of strengthening conventional forces, or of looking to an eventual European deterrent.

It is clear that Mr Fillon, the chairman of the defence committee, favours the European solution, since the report speaks of a supersonic cruise missile as potentially the "first sign of a real European co-operation at the strategic level."

The report envisages the supersonic cruise missile as one possibility for the long-range land-based missile needed by France, to offset the potential vulnerability of the submarine fleet early next century. Before that the French intend to develop a long-range ballistic missile, the S 4 – although no decision has been taken on whether it will be fixed or mobile.

Continued on Page 22

Britain is likely to pull out of one of three military helicopter projects in which it is engaged with four other European nations following a government review of requirements. Page 22

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TAIWAN TAKES A SHORT CUT TO DEMOCRACY

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EUROPEAN NEWS

Haig Simonian assesses the Christian Democrat victory in the state of Hesse

Shot in the arm for W Germany's CDU

"Use the chance," Hesse, urged West Germany's Christian Democrats (CDU) in their posters for Sunday's elections in the country's fifth most populous state.

Use it the voters did, pushing the CDU and its liberal Free Democratic coalition partner (FDP) to a narrow majority in the state parliament in Wiesbaden, and overturning over 40 years of uninterrupted socialist rule.

The results is a major shot in the arm for the CDU in the Social Democrats (SPD) heartland. Mr Walter Wallmann, a popular former mayor of Frankfurt who was called to Bonn last June to take on a new federal environment portfolio, will now take over as Hesse's new Minister President when the state parliament reconvenes on April 23.

The outcome has also boosted the CDU at national level by strengthening its position to just under a two-thirds majority in the Bundesrat, the second chamber of the federal parliament, which is made up of state representatives.

With four more state elections due to come this year, the Social Democrats had hoped to gain control in the Bundesrat and obstruct the government's legislative programme. But after Sunday's poll in Hesse, the CDU-FDP coalition is now looking to next months two polls in Hamburg and the Rhineland-Palatinate with renewed confidence.

Mr Wallmann's victory has done his own political career no harm at all. Tipped as a possible future leader of the CDU, a party rather short of talent at the top, before Sunday's results. Mr Wallmann's position will be strengthened after he takes over as president of the Bundesrat from Mr Holger Boerner, Hesse's outgoing Socialist Minister President, whom he toppled.

> The outcome boosts the CDU at national level by strengthening its position to just under a two thirds majority in the second chamber of parliament.

However, the CDU probably won in Hesse more by default than by an overwhelming endorsement for its policies. Whie its share of the vote increased to 42.1 per cent from 39.4 per cent in the last state elections in 1983, the Social Democrats following tumbled by 6 per cent to just 40.2 per cent.

Some electors may simply have opted for stability after months of tension in the previous "red-green" coalition between the SPD and the Greens environmental party, which collapsed acrimoniously in February.

The business community is delighted by the outcome, which it sees as good for both Hesse and the government nationally.

The SPD lost power largely because many of its supporters chose to stay at home in a poll where the vote was sharply polarised. Only 80.3 per cent of the electorate cast a vote on a fine spring day, against 83.5 per cent last time.

A number of SPD politicians, including its leading candidate for the polls, Mr Hans Krollmann the popular Hesse finance minister, have recognised that the party made mistakes.

One of them may have been provoking the rupture of the fourteen-month old coalition with the Green environmental party in the first place. The alliance broke when Mr Boerner refused to withdraw approval for the controversial Alkem-Nukem nuclear fuel rod plant at Hanau, east of Frankfurt.

The Hesse poll often looked like it might turn into a battle over the question of nuclear power, with the Alkem-Nukem factory at its core. Mr Wallmann's victory means that the plant will now get the operating approval it had sought, although that is hardly likely to defuse the nuclear issue nationally.

Indeed nuclear power may become even more controversial as SPD now considers its next move. Mr Oskar Lafontaine, the left-wing SPD Minister President of the Saarland, was quick to repeat his view that the party should seize every effort to work more closely with the Greens.

The environmentalists were the main beneficiaries of Sunday's poll. The Greens upped their share of the vote to 9.4 per cent against 5.9 per cent in 1983 and 8.2 per cent nationally in January's general elections.

Ironically, returning to the opposition in the state parliament in Wiesbaden may have let the Greens off a nasty nuclear hook.

The party, which is divided between pragmatic and fundamentalist wings, would have faced an extremely difficult decision on whether to share power with the SPD on its terms had Hesse's electoral arithmetic been evenly balanced, as seemed the case until almost the last minute on Sunday night.

As it is, the Greens can now maintain their fierce opposition to the Alkem-Nukem plant—and to nuclear power in general—without the risk of their political purity being contaminated by the necessity of gaining political power.

Wallmann—sharp boost for his political career

● Mr Klaus Toepfer, 48, environment minister of the Rhineland Palatinate since May 1985, is to take over as federal minister of the environment from Mr Wallmann on May 14. A former academic at the University of Hanover and an environmental expert, Mr Toepfer only went into state politics in 1979.

Poland to make radical economic reforms

POLAND will soon offer shares to private citizens in several state companies under major reforms to rejuvenate its socialist economy, and it might even open a stock exchange one day, Reuter reports from Stockholm.

Mr Jerzy Urban, the chief Polish Government spokesman, in Stockholm yesterday to give a lecture at the Swedish Foreign Policy Institute, said the economy had to be made more responsive to market forces.

Mr Urban said that under reforms to be unveiled in a few weeks' time, "the whole leadership of the Polish economy and its management methods wil be replaced."

Private individuals would be offered shares in state companies to stimulate a new entrepreneurship, and state subsidies to industry would be cut by 15 per cent this budget year to force inefficient enterprises into bankruptcy.

Asked whether the share offerings meant Poland planned to start a fully-fledged stock exchange, he said "plans to start a classic stock market like London's have not been included in existing projects, but if there is a demand for it and if it proves necessary or suitable for the good of the Polish economy, we would not refrain from it." The essence of the reforms was to "base the Polish economy on the rational rules of the market."

He gave no examples of which state companies might end up being co-owned by private individuals, but said no branch of the economy would be excluded from the reforms. This means "stepping out of the system of centrally-subsidised industry," he said.

"We shall try to cut subsidies by 15 per cent this year . . . so that the outdated and unprofitable parts of industry go bankrupt."

Mr Urban said the government should in future stop managing enterprises and concentrate on conducting economic policy instead. "We want to destroy all the corsets to economic growth."

EEC in disarray over Turkey's application plan

BY QUENTIN PEEL IN THE HAGUE

TURKEY has promised to submit its application for membership of the EEC this month, but the prospect has left considerable diplomatic disarray between the present 12 member states.

That emerged from the informal weekend meeting of EEC foreign Ministers in Belguim, where the recent tour of Community capitals by Professor Ali Bozer, Turkish Minister of State for EEC affairs was discussed.

Mr Leo Tindemans, the Belgium Foreign Minister who hosted the meeting, insisted that the Turkish application would be dealt with strictly according to the provisions of the Treaty of Rome, and in a "non-discriminatory" manner.

However, Greece has made it clear that it intends to block the process, not least because of its continuing disputes with Turkey both over Cyprus and territorial sovereignty in the Aegean. Denmark is also dubious about Turkish progress in restoring human rights.

The implication of a Greek veto was underlined by Mr Jean-Bernard Raimond, France's Foreign Minister, after the meeting, when he stressed that any final decision on Turkish membership required unanimity of the present member states.

"It is difficult to react favourably to such a request," he said, while maintaining that the EEC attitude to a membership application was "non-discouraging."

He also stressed the need—underlined by many other foreign ministers—for the Community to digest the latest enlargement of membership to include Spain and Portugal.

Mr Tindemans, on the other hand, was keen to stress the positive. He said yesterday that it required only a qualified majority of member states to take the first step with any membership application—to request the opinion of the European Commission.

A new aspect is that the European Parliament is now required to give its approval—by an absolute majority of members—under the Single European Act in the process of being ratified by the Twelve.

Turkey is known to be keen to submit its application during the current Belgian presidency of the EEC Council of Ministers, because Mr Tindemans is personally well-disposed to it.

Denmark, which takes over in July, is extremely cautious. West Germany—the chairman in early 1988—does not wish to be presented with the problem because of the domestic issue of Turkish migrant workers, and Greece takes the presidency in the second half of 1988. That combination would therefore effectively slow down any progress until 1989.

As it is, the European Commission would probably take until the end of 1988 to produce its lengthy and reasoned opinion on a Turkish application,

Greece and Turkey may open talks on Aegean row

BY ANDRIANA IERODIACONOU IN ATHENS

PRELIMINARY talks between Greece and Turkey on a possible joint recourse to the International Court of Justice for the delineation of continental shelf boundaries in the Aegean "could start in 15 to 20 days" according to Dr Andreas Papandreou, the Greek Prime Minister.

The Prime Minister's statement, carried in an interview in yesterday's issue of Ta Nea, the Athens daily, is the most concrete indication to date that Turkey has accepted a Greek proposal for talks which could lead to an ICJ recourse on the continental shelf. The proposal was put forward during the Greek-Turkish confrontation over oil exploration rights in the Aegean ten days ago.

The Greek proposal envisages preliminary talks for the purpose of drawing up a common legal document which could serve as the basis for a joint recourse to the ICJ. In the same newspaper interview Dr Papandreou said these talks would be conducted on a "technocratic level." Asked about the prospects for a sumit meeting with Mr Turgut Ozal, the Turkish Prime Minister, Dr Papandreou said "this presupposes an agreement on going to The Hague."

The Greek Parliament meanwhile was scheduled to begin debating yesterday evening a controversial bill allowing the state to acquire a controlling interest in NAPC, the international consortium developing off-shore oil deposits in the north Aeagean.

● Turkey sent a second oil exploration research ship into Turkish territorial waters in the Aegean sea yesterday

Setback for East bloc countries

BY LESLIE COLITT IN PRAGUE

THREE diverging East European countries—one pre-reform, the other orthodox and the third ultra-conservative — disclosed that their badly strained economies suffered a further sharp setback this year.

Hungary, Czechoslovakia, and Romania were battered by one of the most severe winters of this century but that was only part of the explanation for the grim statistics covering January and February which are now emerging.

All three countries had serious deficits in their crucial hard currency exports to the West. Hungary's hard currency exports fell 6 per cent while imports rose 10 per cent leaving a \$250m (£156m) deficit in the trade balance for the first two months, \$80m greater than the deficit in the same period last year.

However, hopes of halving Hungary's record \$1.4bn balance of payments deficit last year were still alive. A Hungarian official pointed to the recent 8 per cent devaluation of the currency and further measures to come.

The country's industrial production in January and February rose only 1.3 per cent compared with 1.7 per cent last year.

Hungary's attempt to accelerate its 19-year-old economic reform programme have been stalled by the worsening economic performance. The leadership under Mr Janos Kadar fears growing discontent over declining real incomes and the threat of unemployment from plans to close down inefficient companies.

Czechoslovakia's hard currency exports plummeted 16.7 per cent in the first two months of the year while imports dropped 12.2 per cent. The plan was to boost exports this year by 4.2 per cent and imports by 5.8 per cent. The Prague economic newspaper Hospodarske Noviny said hard curreny exports would now increase only 0.6 per cent and imports 3.9 per cent this year

Czechoslovakia recently launched an experiment to give greater independence to companies but it is to be introduced nationwide over a four year period

Mr Nicolae Ceausescu, the Romanian leader, said the economy had run into "some difficulties" in the winter, but he gave no figures. Western economic analysts in Bucharest said yesterday the unrealistically high targets were missed by a wide mark. As in previous winters there were extreme problems in energy output.

Finland set for non-socialist rule

By Olli Virtanen in Helsinki

FINLAND is heading for its first non-socialist government in several decades as the Social Democratic Party appears to have opted out of a future cabinet, after a meeting with President Mauno Koivisto yesterday.

The first round of negotiations, with Mr Koivisto meeting individually with all political partes, indicated that the SDP would let the Centre Party and the conservatives form a government with smaller non-socialist parties.

Later this week Mr Koivisto is expected to nominate a prominent politician to explore options for a coalition and possibly also lead a future government.

The SDP, with 56 seats out of 200, lost more than 100,000 votes in the parliamentary elections three weeks ago. The conservatives and the Centre Party emerges as winners with 53 and 40 seats respectively.

President Koivisto was still said to prefer a coalition of the three parties yesterday. But SDP chairman, Kalevi Sorsa has indicated that he is will to step down as head of the caretaker Government.

Community says research centres are out of touch

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission yesterday admitted that the joint EEC research centres were over-bureaucratic, out of touch with industry's practical needs and inflexibly managed.

This admission comes in the Commission's preliminary reply to a highly critical independent report on its 30-year-old Joint Research Centre, consisting of four technical establishments in Italy, Belgium and the Netherlands.

Compiled by a panel of seven industrialists, led by Mr Harry Becker, research director of Shell, the report and the Commission's response is now being studied by Mr Guy Verhofstadt, the Belgian minister who chairs the Council of EEC Research Ministers.

The report, initiated by Mr Geoffrey Pattie, the UK Minister for Information Technology during his chairmanship of the Research Council last year, comes at a particularly sensitive time for the centre. It is asking for an Ecu 850m (£460m) budget for the four years to 1991. Its current Ecu 640m budget, which started in 1984, is due to run out this year.

But agreement on funding for the centre, which employs almost 2,200 staff, will not be possible until an accord is reached on the EEC's overall research framework.

Britain is the only member state now refusing to accept a Belgian compromise proposal for an Ecu 6.48bn overall research budget, representing a much-slimmed version of the Commission's original ambitious plans.

The research centre's work, most of which is commissioned by Brussels, includes studies of nuclear reactor safety, radioactive waste management

OBITUARY

Doumeng, controversial French communist millionaire

BY PAUL BETTS IN PARIS

MR Jean-Baptiste Doumeng, the French "red millionaire" who built up one of Europe's largest agribusiness trading empires, died yesterday after a long illness at the age of 68. The French Communist Party interrupted its central committee meeting for a minute of silence to pay tribute to the best known communist businessman in France.

Mr Doumeng, the son of poor farmers from the south west of France who became a card carrying member of the Communist party when he was 16, had become a controversial and colourful figure not only of the French communist movement but also in the world of French agriculture and business. In many ways he was a pioneer of agribusiness trading in France becoming one of Europe's biggest if not leading dealers in food and agricultural products especially with the Eastern bloc.

Mrs Edith Cresson and Mr Henri Nallet, two former socialist agriculture ministers, paid warm respect yesterday to Mr Doumeng's contribution to French trade claiming that he had been one of the first people to understand the importance of international trade for French agriculture.

Without any school or university certificates, Mr Doumeng formed a union of 200 agricultural co-operatives in south-west France when he was 28 and subsequently launched his agribusiness trading company Interagra which grew into a substantial enterprise. From the beginning he travelled often to the Soviet Union and was one of the first western businessmen to meet Mr Mikhail Gorbachev when the present Soviet leader was only a regional Soviet party official.

His close business ties with the Soviet Union turned him into a French version of American businessmen like Mr Cyrus Eaton or Mr Armand Hammer who were not communists but became well known for their close trading links as well as personal contacts with the Soviet Union.

But unlike these wealthy Americans, Mr Doumeng was always a committed communist claiming that "communism will make everyone as rich as me" on day.

Mr Doumeng's personal wealth included thoroughbred horses, a Learjet, a farm with a swimming pool, and his gruff man of the land manner always intrigued but also provoked controversy.

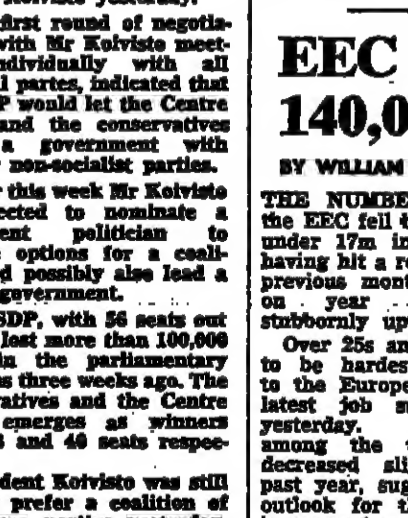
He negotiated not only some of the biggest agricultural product deals with the Soviet Union but also traded with the Eastern bloc in oil and sold turnkey agribusiness plants to Moscow.

He introduced French wine to the Soviet Union when he negotiated three years ago the first bulk sale to Moscow. Up to then, Moscow's bulk wine imports came from Portugal, North Africa, Argentina, Spain and Italy but not France.

His trading with the Eastern bloc caused repeated controversy with Mr Doumeng being accused of breaking EEC trade sanctions against the Soviet Union after the invasion of Afghanistan.

In France, the country's best known communist businessman was often the target of attacks over his alleged role in financing the communist party and tax irregularities. But there was never any proof of illicit party financing operations nor of fiscal irregularities. Indeed, Mr Doumeng successfully proved that the tax authorities owed him money and received in 1984 a substantial FFr 16m tax rebate

But if Mr Doumeng became the most successful French communist businessman, his political career was by comparison unimpressive. A local councillor, then mayor of Noe, near Toulouse, between 1947 and 1977, and also a regional councillor between 1970 and 1976, he eventually lost all three of these local political seats.



Doumeng—a pioneer in agricultural trading with the Soviet Union

EEC unemployment falls 140,000 in February

BY WILLIAM DAWKINS IN BRUSSELS

THE NUMBER of jobless in the EEC fell by 140,000 to just under 17m in February after having hit a record high in the previous month, but the year on year trend remains stubbornly upwards.

Over 25s and women appear to be hardest hit, according to the European Commission's latest job survey published yesterday. Unemployment among the under 25's has decreased slightly over the past year, suggesting that the outlook for the older jobless is worsening. The number of women registered as out of work grew by 4.5 per cent to 7.3m over the same period, while male unemployment decreased by 1 per cent. The overall rise in the 12 months to February was 222,000 or 1.3 per cent.

Unemployment fell steeply by 5.5 per cent in the Netherlands over the past 12 months, followed by Denmark with 4.8 per cent and West Germany by 4.1 per cent. But the jobless rate climbed by 8.2 per cent in France over the same period, followed by Spain with 6.3 per cent and Ireland with 5.8 per cent.

Ireland maintains its traditional place as the member state with the highest jobless rate, standing at 19.7 per cent in February, with Italy at 14.5 per cent.

Hoechst offices searched

OFFICIALS from the European Economic Community executive Commission and the West German federal Cartel Office searched the chemical company Hoechst AG offices last week and took away documents, Reuter reports from Frankfurt.

The search, on Thursday and Friday, was the latest move in an international legal wrangle in which Hoechst sued the Commission in the European Court of Justice after the Commission had tried unsuccessfully to search the company in January on suspicion that it was involved in alleged price-fixing for plastics.

A spokesman for the Cartel Office in West Berlin said he could not say whether any suspicious material had been found.

Hoechst argued that the attempted search in January was illegal without a West German warrant, something disputed by the EEC officials, but conceded by their German colleagues from the Cartel Office.

The commission started proceedings to take the West German Government to the European Court in Luxembourg, charging that Bonn had broken EEC rules by not lending it full support.

AIRCRAFT CONSORTIUM LOSES ORDERS DUE TO GOVERNMENT DELAYS

Airbus urges decision on finance

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN TOULOUSE

AIRBUS INDUSTRIE, the European aircraft consortium, is urging its four government shareholders to make a decision by midway through this month on further financing for a new generation of aircraft.

The company is calling for the governments to contribute \$2.5bn for further development work on the long-range A-340 and the short to medium-range A-330.

Mr Jean Pierson, president of Airbus, said in Toulouse yesterday that the consortium had already lost orders from two airlines, Fin Air of Finland and Swiss Air to the rival McDonnell Douglas MD-11 jet because of delays in formally launching the new aircraft.

It was possible that other customers could also change their minds if the mid-April launch target date was not met, he said. Ten airlines at present have orders for 124 aircraft.

In addition to those provisional commitments, Airbus was in negotiation with seven or eight other airlines on possible orders with the mid-April launch date in mind, and some of those could also decide to buy alternative aircraft.

Mr Pierson said that the governments involved – the UK, France, West Germany and Spain – needed no further information upon which to base their decisions on launch aid.

In the UK the campaign is being conducted by British Aerospace which is seeking up to £750m (\$1,185m) in launch aid for each share of the non-recurring costs of developing the wings for both the A-330 and A-340 aircraft. So far, the UK Government has offered a sum believed to be around £400m which British Aerospace regards as too low and is pressing for more.

Another development revealed by Mr Pierson was that the A-340 will be offered to airlines initially only with a joint French-US engine, the CFM-56-S3 giving 30,600 lbs of thrust because the rival International Aeroengines could not guarantee deliveries of its proposed Superfan engine in time to meet the Airbus deadline of deliveries to airlines by 1992.

France has 'precise' evidence on expelled Soviets

FRANCE said yesterday it had precise evidence against six Soviet personnel ordered to leave the country in a row between Moscow and Paris about espionage, Reuters reports from Paris.

A Foreign Ministry spokesman said the authorities had "serious and precise charges" against three diplomats given eight days to leave the country on April 2.

The Government had evidence that was "precise but not so serious" against three other Soviet citizens also told to leave, but without a deadline for their departure.

The Soviet Union, which has maintained the innocence of its nationals, has ordered out four French diplomats and two businessmen as a reprisal and protested strongly against the "provocative action."

The French expulsions last Thursday followed the arrest and charging of seven people, including a Soviet woman and a French woman of Romanian origin, on espionage charges.

They are suspected of trying to pass on secrets of the engines of the West European Ariane rocket, manufactured at a Normandy plant.

French officials declined to give any more details against the six Soviet nationals on the expulsion list, one of whom is assistant air attaché Valery Konorev.

But the mention of "serious and precise charges" was seen here as a response to Moscow's emphatic denials of any wrongdoing and to its charges that Lyudmila Varygina, one of the seven accused, was threatened with rape and beating in police custody. She has now been released.

France has tried to give low-key treatment to the affair and initially announced only three expulsions.

Officials declined to explain why the second three expulsions had been kept secret and refused to speculate on whether the Kremlin would now put off a visit by Prime Minister Jacques Chirac, tentatively scheduled for late May.

Former senior member of Solidarity detained

POLISH SECURITY police detained a former Solidarity underground leader on Monday in the south-western city of Wroclaw, opposition sources said, reports AP.

Mr Marek Muszynski, who emerged from hiding last October following a government amnesty for political offenders, was taken away by police following a six-hour search of his room at a dormitory for Wroclaw Polytechnic employees, said Mr Jozef Pinior, a Wroclaw Solidarity activist.

Mr Muszynski, a physicist and former member of Solidarity's underground Temporary Co-ordinating Commission representing the Wroclaw region, was being held at the provincial police headquarters in Wroclaw, said Mr Pinior.

Mr Muszynski's wife was told that her husband had been detained because opposition groups planned to stage demonstrations in Wroclaw to protest against price rises imposed by the Government last week, Mr Pinior said.

Under Polish law, a person can be detained by police for up to 48 hours without being formally charged and placed under arrest.

Since October, Mr Muszynski has been a member of the above-ground Solidarity leadership council, formed in Wroclaw to organize local union activities after the amnesty.

On Monday afternoon, there was a 20-minute interruption in tram services on a main street running through Wroclaw's industrial district, as police worked to remove a tramcar painted over with Solidarity slogans protesting against the price rises, Mr Pinior added.

Last year, the state prosecutor's office in Wroclaw opened an investigation against Mr Muszynski, in connection with his clandestine political activities, because he refused to comply with the amnesty provisions by reporting to police after coming out of hiding.

Under the amnesty law, underground activists were obliged to hand themselves over to the police to receive clemency and avoid prosecution.

Since freeing 225 political prisoners under the amnesty last September, the authorities have tried to avoid arresting opposition activists.

In nearly all cases, opposition activists have been released after being held briefly for questioning, or fined for illegal political activities.

In the southern city of Krakow, a court fined three local opposition activists over the weekend 81,000 zlotys (\$337) each after they had been detained by police for taking part in an illegal street demonstration against the price rises on Friday.

Parties differ on Malta violence

MALTA'S TWO main political parties today blamed each other for last Sunday's violent clashes in which rival supporters indiscrimantely opened fire on each other, Godfrey Grima reports from Malta. At least 20 people were injured and two, suffering from ultiple gun wounds are still fighting for their lives.

The incidents broke out at the northern town of Zebbug, at the end of a Labour Party rally and in Rabat, following an opene air rally addressed by Mr Eddie Fenech Adami, the opposition leader.

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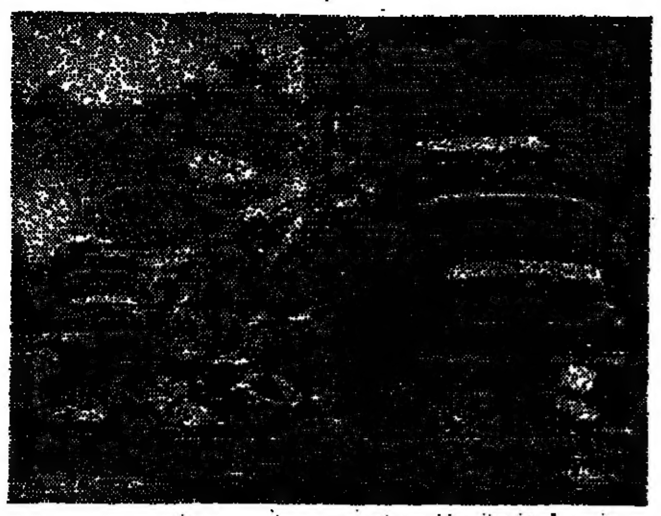


A CONVOY of food supplies donated by Kuwait rumbled into the hunger-ridden Chatilla refugee camp yesterday, despite sniper fire that strained a truce in the 23-month-old war for control of Palestinian shanty towns, AP reports from Beirut.

The convoy of five trucks carrying 40 tons of rice, oil, sugar, tea, flour, blankets and clothes was escorted into the bomb-shattered camp by Syrian military observers and Kuwaiti officials.

Heavy sniping engulfed Chatilla and the suburban Bourj al-Barajneh refugee camp at mid-morning, imperilling a cease-fire called at 0600 GMT under Syria's auspices to end the camp's war between Shi'ite Moslems and Palestinians.

But Syrian observers convened another meeting between Shi'ite and Palestinian officials to reinstate the truce and allow food supplies to enter Chatilla.

Swoop on opposition as Egypt goes to polls

BY TONY WALKER IN CAIRO

MILLIONS OF Egyptians yesterday voted for a new parliament in a poll overshadowed by widespread arrests of opposition members.

Al Ahram, the semi-official Cairo daily, said 500 "extremist elements" had been detained.

Most of those held are understood to be associated with the Moslem Brotherhood which is contesting the poll in a tripartite alliance with the Socialist Labour Party and the Liberals to circumvent a ban on its political activities.

The Moslem Brotherhood was outlawed in 1954 after it was allegedly implicated in an assassination attempt against President Gamal Abdel Nasser.

According to Al Ahram, those arrested were planning to use violence on election day. Some of those detained, it said, were armed with guns and knives.

The poll is expected to result in an overwhelming victory for President Hosni Mubarak's ruling National Democratic Party which won 391 seats to the opposition's 57 at the last election in 1984.

Opposition spokesmen are claiming extensive electoral malpractice, including intimidation of scrutineers and ballot rigging.

Mr Mubarak called the election for the People's Assembly a year ahead of schedule following a constitutional challenge to the validity of the electoral law under which parliament was elected.

Egypt's elections are being contested by six "legal" parties, including the ruling NDP, the centre-right New Wafd, the leftist Unionist Progressive party (UPP), the Socialist Labour Party, the Liberals, which have embraced the Moslem Brotherhood, and the tiny Islamic Umma party.

First results from more than 20,000 polling stations around Egypt are expected today, with final figures expected by Thursday.

Hussein wants stronger EEC role in peace talks

BY ANDREW GOWERS

KING HUSSEIN of Jordan was due in Brussels last night on a visit designed to encourage a stronger European role in promoting an international peace conference on the Middle East involving the five permanent members of the UN Security Council.

He will hold talks today with Mr Leo Tindemans, Belgian Foreign Minister, who chairs the EEC Council, ahead of a planned visit by Mr Tindemans to the region in the next few weeks.

He is also due in London for talks with Mrs Margaret Thatcher, the British Prime Minister, later in the week.

The King's trip is part of a flurry of diplomatic activity on the Middle East in Europe following a statement several weeks ago in which EEC Foreign Ministers endorsed calls for an international conference on the conflict.

The idea of a conference is being actively promoted by Egypt, the Soviet Union and by Mr Shimon Peres, the Israeli Foreign Minister.

It was also due to be endorsed yesterday by a meeting of Arab League Foreign Ministers in Tunis. However, it is vigorously opposed by Mr Yitzhak Shamir, the Prime Minister of Israel.

Gravity of African debt crisis comes home

By Michael Holman, Africa Editor

PRESIDENT Kenneth Kaunda, the Zambian president, once ruefully likened the International Monetary Fund's treatment of struggling African economies to that of a doctor who prescribed quinine to patients whether they had malaria, or a broken leg.

Nearly one year ago, African delegates to a special UN session on the continent's crisis elaborated at length on the point the president was making: Africa's ailments required not merely budgetary austerity but a range of measures, including more sympathetic treatment of the problems.

At the time, the plea seemed to fall on deaf ears.

This week's news that the Paris Club of Western creditor governments has agreed in principle on a scheme of long-term rescheduling of debts for worst hit sub-Saharan countries suggests that the gravity of the crisis is coming home.

Several African governments who have been taking the IMF medicine, such as Zaire and Zambia, remain in severe difficulties because they are not getting the extra help they need.

As the World Bank pointed out in a report issued shortly before the UN conference: "Africa's attempts to help itself will fail without additional resources in the form of new aid and debt relief."

Between 1980 and 1984, the region's debt service payments increased from 18 per cent of export earnings to 26 per cent, and in several countries it was much higher.

The Bank calculated that if the region were to be able to continue a programme of structural adjustment, at least $11bn (£7.8bn) a year was needed in concessional flows during 1986-90.

But after expected aid commitments had been taken into account, a gap of $2.5bn remained, of which only $1bn was met by multilateral lending agencies. "This leaves $1.5bn a year to be met from new bilateral aid and additional debt relief," the report said.

A recent study by Britain's Overseas Development Institute (ODI) noted that the net flow of external finance from all sources to African countries in 1984 was about $5bn less than in 1980.

Despite a large number of debt reschedulings, more than 20 African countries recorded arrears in external debt commitments at the end of 1984.

The ODI study goes on to warn: "Rescheduling under the Paris Club is likely to prove inadequate and is, in any case, confined to official and officially guaranteed debt.

"As a result, a significant component of debt is left to ad hoc arrangements."

Taipei is undergoing a shift away from the credos of past decades, **Bob King** writes

Wind of change puts Taiwan on new course

PEOPLE WERE shocked when a fistfight erupted on the floor of Taiwan's Parliament earlier this year. But that shock turned into tolerance for many, some of whom began humourously to refer to the incident as "democracy in action."

A newly-elected Nationalist Party legislator even predicted, tongue firmly in cheek, that the Government in future would require all candidates for parliament possess a high degree of ability in kung fu, the Chinese martial art.

These reactions to the parliamentary fistfight, along with other important developments, indicate how far Taiwan has come in political liberalisation in just a year.

Until President Chiang Ching-kuo set in motion a chain of events last March that were eventually to give Taiwanese society a decidedly different direction, open displays of contempt and anger by members of the Opposition would likely have brought severe censure—if not worse—from both the Government and the public.

But the recommendations that have poured out from a special committee appointed by Mr Chiang last March, as well as opinions set forth and actions undertaken by younger, more progressive members of his ruling Nationalist Party, have changed the political climate to such an extent that real debate on issues—as well as an occasional bout of fisticuffs—is not only possible but realised.

The committee recommended—and saw accepted—an end to nearly 30 years of martial law and a ban on the formation of new political parties. It has also recommended the rejuvenation of parliament and the National Assembly, both of which are strongly dominated by ageing Nationalist partisans elected 40 years ago on mainland China.

This last recommendation poses a number of problems, in so far as it involves increasing locally-born participation in both bodies without seeming to abandon the Nationalists' claim to represent all of China. The continued predominance of mainland-born representatives helps to underline this claim.

It is not simply tussles in parliament, the moves to lift martial law and the ban on new parties, nor the rejuvenation of national bodies grown creaky with age that form the focus of daily political reportage, however.

Rather, Taiwan is experiencing a shift away from the credos of past decades toward those more accurately reflecting present political and social attitudes. While the shift, at least in terms of direction, has the blessing of the "ultimate authority" (Mr Chiang himself) it has also polarised thinking within his Nationalist Party, pitting younger, more progressive MPs against older hardliners and causing some younger members to challenge publicly various articles of Nationalist faith.

President Chiang Ching-kuo

Consider these points:

- A noted historian and member of the Academia Sinica, Taiwan's most prestigious think-tank, proposes an investigation into the so-called 2-28 incident in 1947, during which thousands of Taiwanese were allegedly killed by Nationalist troops. Ruling party legislators later insist in Parliament that the Government address the question honestly and thereby end 40 years of officially sanctioned silence on atrocities committed under early Nationalist rule. This, they say, will help close rifts which to some extent still divide native Taiwanese from those who came from the mainland 40 years ago.
- The Government announces that it will soon end restrictions on the press which limit daily papers to 12 pages and prohibit the formation of new newspapers. Taken together with the lifting of martial law, the move could mean a return to the freedom of the press guaranteed by the 1946 Nationalist Constitution.
- The Government implements a new trial system to do away with "influence peddling" in the courts, thereby admitting that some official proceedings in past years may not have been fair. Local newspaper reports say that 543 people have been indicted either for giving or receiving bribes within the judicial system during the past five years.

These changes form only a few examples of the thrust towards reform taking place in Taiwan today. While permission to undertake these reforms comes from the President, it is also clear that much of the pressure comes from so-called "revisionists" within the ruling party.

The revisionists do not agree on procedure with their elder, more conservative colleagues, nor with the moderates who, while agreeing on the need for change, argue for step-by-step implementation. The revisionists are also decidedly more reasonable than their colleagues in the newly-formed Democratic Progressive Party, who still essentially oppose rather than propose.

"The KMT (Nationalist Party) has always managed to catch things that have broken loose (from the established dogma) before; but now, more and more, things are breaking away faster and faster," says a foreign analyst. "So the party must move faster and make these issues its own, in order to survive as a party. If the party fails to go with the flow, it will lose its credibility and lose the game."

Fresh trial for Aquino murder opens in Manila

BY RICHARD GOURLAY IN MANILA

A FORMER Philippines tourism minister, Mr Jose Aspiras, and nine others pleaded not guilty yesterday to the murder in 1983 of Mr Benigno Aquino, the opposition leader, whose death sowed the seeds of President Ferdinand Marcos's fall in February 1986.

Twenty-six of the 40 soldiers and witnesses, including the former armed forces chief, Gen Fabian Ver, were already tried and acquitted in 1985.

Soon after Mr Aquino's widow, Mrs Corazon Aquino, became President last year, the new supreme court ruled that Mr Marcos had pressured the judges and that the accused should stand trial again.

Mr Aspiras is standing as a Congressional candidate in national elections in May.

Moscow plans Philippines plant

BY RICHARD GOURLAY

THE SOVIET UNION is considering building a $350m (£250m) power plant for the Philippines which would be the largest foreign investment in what is normally seen as a US stronghold in Asia.

Mr Alejandro Melchor, Philippines ambassador to Moscow, said a Soviet company would start work on the 300 MW plant in two months. He described the deal as a joint venture agreement that would not further burden the country with foreign loans as the cost would be paid out of the plant's future revenue.

But the Soviet embassy in Manila yesterday cautioned against excessive optimism from Philippines officials. Finnish joint venture partners and financing still have to be arranged, the Soviet official said.

Mr Melchor said a memorandum of agreement between the Philippines National Power Corporation and a Finnish company had been signed. But Mr Jaime Ongpin, Finance Secretary put a different light on the proposed deal. "It is still a proposal and there are major policy implications.

Last month a Soviet commercial company, v/o Tsvetmet, expressed an interest in operating or rehabilitating a disused nickel mine at a minimum cost of $29m.

AMERICAN NEWS

US to extend security inquiry into embassies

BY LIONEL BARBER IN WASHINGTON

THE REAGAN administration, shaken by revalations that Soviet spies may have irreparably compromised security at the US embassy in Moscow, has extended its investimation to 10 other American missions abroad.

The espionage scandal has broken just before Mr George Shultz, US Secretary of State holds talks in Moscow. Mr Shultz is txpected to use a mobile trailer when he reports back to Washington on his negotiations with Soviet officials.

The search for a scapegoat has begun in Washington, with some lawmakers and unnamed officials privately blaming the state department and the former US ambassador, Mr Arthur Hartman.

The administration is currently trying to assess the damage to security in its overseas missions following the disclosure that several US marines fraternised with Soviet women and subsequently allowed KGB agents into the Embassy, including a secure room holding sensitive cryptographic equipment. Two marines have been charged with espionage.

The Washington Post reported yesterday that the state lepartment and Mr Hartman had been warned repeatedly that a large proportion of Soviet staff employed at the embassy were controlled by the KGB. The report said that interagency disputes prevented anyone in the administration getting to grips with the security problem.

One congressional source described the accusations as simplistic, and pointed out that the US embassy was well aware of KGB penetration. He said that Soviet staff were in some ways preferable to young Americans who could be manipulated by Soviet Agents, "just like what apparently happened with the marine guards."

Mr Danield Mica, a Florida Democrat, and Mr Olympia Snow, a Maine Republican, in Moscow assessing the damage to US security, said that the Administration should convene an "accountability review board" to investigate, Mr Mica said it would cost more than $20m (£12.5m) alone to replace the crytographic equipment believed to have been compromised.

Mr Patrick Leahy, a Vermont democrat, said the embassy, plagued by security problems since it was built, should be torn down and replaced at Soviet cost.

● President Reagan said in Ottawa that the US would not move into its new embassy in Moscow unless it was sure it was free of listening devices

Reagan casts doubts on Soviet reforms

BY BERNARD SIMON IN OTTAWA

PRESIDENT Ronald Reagan yesterday cast doubt on the significance of the internal reform programme of Soviet leader Mr Mikhail Gorbachev by raising Soviet involvement in Third World conflicts as the true test of the Soviet leader's intentions.

In a speech to a special session of the Canadian parliament during his overnight visit to Ottawa, Mr Reagan echoed British Prime Minister Mrs Margaret Thatcher's positive reaction last week to recent changes in the Soviet Union, such as the release of political prisoners and the unjamming of BBC broadcasts.

But the President said that "disappointingly there so far had been little movement on the Soviet side toward the peaceful settlement of regional conflicts that today are flaring across the globe." He single out recent Soviet air attacks on villages in Pakistan, which have "escalated dangerously" and the seven-year civil war in Afghanistan. He also pointed to continuing Soviet involvement in conflicts in Cambodia, Ethiopia, Angola and Nicaragua.

Mr Reagan said in yesterday's speech that "the surest sign that the Soviet Union truly wants better relations, that it truly wants peace, would be to end its global strategy to impose one party dictatorships."

He expressed the hope that "to the extent the Soviet Union truly opens its society, to that extent we hope its aggression will diminish."

Meanwhile, a Canadian proposal for a bilateral treaty to combat acid rain and a disagreement on Arctic sovereignty provided a jarring note to the President's visit.

The Americans reacted lukewarmly to the unexpected suggestion of Mr Brian Mulroney, the Canadian Prime Minister, that the two governments, as well as the Canadian parliament and the US Congress, draw up a binding acid rain agreement setting emission reduction targets on both sides of the border. A White House spokesman said that no specific proposals were made.

Kemp opens crusade for White House

BY LIONEL BARBER

MR Jack French Kemp, the 51-year-old conservative Congressman from Buffalo, New York State, who announced his candidacy for the Republican Party's 1988 presidential nomination yesterday, is a crusader who has risen to national prominence during the Reagan era.

Jack Kemp: seeking issues

One year ago, when President Reagan was riding high in the opinion polls, Congressman Kemp's conservative vision cast him as a strong challenger to the Republican front-runner, vice-President George Bush. Today, as he lies a distant third in the polls behind Mr Bush and the rapidly improving Senator Robert Dole, Mr Kemp is desperately searching for something new to say.

His problem lies less in his squeaky voice and wooden manner, than in the fact that he has been unable to increase his support among Republican voters. His shadow campaign has so far gone nowhere fast: his standing in the polls refusing to budge beyond 5 per cent.

Mr Kemp is, however, nothing if not a fighter. A former American football star who played quarter back for the San Diego chargers and the Buffalo Bills, he beat the sceptics and many severe injuries to win national honours. At one point, threatened with surgery which would destroy his fingers' flexibility, he ordered a football to be brought into the operating room and had the surgeon mould the fingers around the ball to fit his grip. Five years later, he won the league's most valuable player award.

He entered politics through football, accepting an invitation from Nelson Rockefeller to join his campaign for governor of New York. Mr Kemp, a craggy, bull-necked figure, then discovered books, immersing himself in free-market thinkers such as Friedrich Van Hayek and Ludwig Van Mies.

Elected to the congressional seat of Buffalo in 1971, he has represented this run-down old rust-belt town ever since. His break came in 1980 when he was an economic adviser to Ronald Reagan during the 1980 campaign.

Mr Kemp's first success was Ronald Reagan's first tax cut—the supply-side economics which George Bush had described a year earlier as "voodoo economics." Since then, he has continued to preach the virtues of a strong, stable dollar, rapid development of the Star Wars space-based missile defence shield, aid to the Nicaraguan Contra rebels, and an amendment to the constitution banning abortion.

Last November, Mr Kemp had a far tougher fight in the congressional race than he expected. Last January, his presidential campaign was almost scuttled by the proposed entry of Mr Patrick Buchanan, President Reagan's pugnacious ex-communications director. Buchanan stepped aside and Kemp almost fell over in gratitude.

Now, he is trying to be the first congressman since James Garfield in 1880 to have been elected president while holding a house seat. As his campaign manager, Mr Jeffry Bell, admitted recently: "Part of Jack's problem is that much of his agenda has already been implemented."

Papal visit strengthens Pinochet's critics

By Mary Helen Spooner in Santiago

POPE JOHN PAUL II ended his six-day visit to Chile, which focused an uncomfortable international spotlight on Gen Augusto Pinochet's 13½-year-old military regime.

Mr Genaro Arriagada, a Chilean political scientist and a leader of the Christian Democrats, predicted that the precise effects of the Pope's visit on the regime would not be apparent for several months, but added that the trip had undoubtedly strengthened the position of Chile's Roman Catholic hierarchy, which has persistently criticised human rights violations under the regime.

The Pope's public statements during the trip were couched in diplomatic language but contained unmistakeable political allusions.

Speaking before thousands of young Chileans on Thursday night in Santiago's national stadium where political detainees were held and in many cases tortured and executed following the 1973 military coup which brought the regime to power, the Pope noted the "pain and suffering" which had taken place on this site.

The following day he embraced a young Chilean woman whom army troops had allegedly beaten and set on fire during an anti-government protest last July.

After the emotive encounter the young woman reported that the Pope had told her to "keep fighting for the freedom of your country."

The most dramatic incident, however, occurred during an open air mass in Santiago's largest park on Friday. About 500,000 Chileans were gathered in the area when demonstrators began chanting.

Riot police moved in with tear gas and a water cannon laced with mace. In the clashes which followed hundreds of people were injured, including three Chileans wounded by gunfire.

From the high altar overlooking the park the Pope witnessed part of the violence. A Vatican spokesman later commented that he had never seen anything like it during all the Pope's previous trips abroad.

David Owen on a late threat to the Democrats

Chicago mayor counts on black electorate to retain power

TODAY'S CHICAGO mayoral election, originally billed as an acid test for the incumbent and Democratic Party nominee, Mr Harold Washington, looks like consolidating his power, despite the eleventh hour withdrawal of one of his three opponents.

Harold Washington: expecting victory

The reluctance of either of Mr Washington's other two opponents to stand down to prevent a split in the white vote in this still highly segregated city makes it highly likely that the sitting mayor's plurality among the black electorate will carry him to victory.

In the Democratic primary six weeks ago, in which he defeated Ms Jane Byrne, his immediate predecessor at City Hall. Mr Washington polled no less than 96 per cent of the black vote. Blacks now account for some 44 per cent of Chicago's 1.55m registered voters.

Throughout the present campaign it has been accepted that Mr Washington could only be defeated in a two-horse race. Four years ago a similar split in the white vote enabled him to win the Democratic party nomination by a hair's breadth, before going on to defeat Republican Mr Bernard Epton in the election proper.

It was therefore widely assumed that at least one of his opponents would graciously withdraw from the reckoning, leaving the way clear for the stronger candidate to mount a serious challenge, particularly since the two stronger contenders, Mr Edward Vrdolyak and Mr Thomas Hynes, both prominent local Democrats, have opted to run as independents to force the mayor into just such a one-on-one encounter against Ms Byrne in this year's party primary.

But nobody could have anticipated how late Mr Hynes, the preferred candidate of the city's still powerful Irish contingent, would leave his withdrawal. The deadline for candidates to withdraw their names from the ballot passed more than three weeks ago.

Mr Hynes' withdrawal leaves Mr Vrdolyak, the tough-talking son of an immigrant Yugoslav saloonkeeper, as Mr Washington's principal opponent.

Republican candidate Mr Donald Haider is regarded as a relatively minor factor in this staunchly Democratic city. The last time Chicago elected a Republican mayor, Calvin Coolidge was president. A recent opinion poll suggested that Mr Haider, a university professor, would pick up a mere 4 per cent of the vote.

With the deadline for candidates to withdraw their names from the ballot now well past, it is clear that [illegible] challengers have decided to stay the course—as they insisted that they would all along.

It is less clear what they hope to achieve by doing so. The same opinion poll that forecast such slim pickings for Mr Haider gave Mr Hynes 17 per cent of the vote and Mr Vrdolyak 13 per cent, against a crushing 52 per cent for Mr Washington. In a bid to keep his supporters on their toes, Mr Washington even had the effrontery to suggest that they aim for an improbable 65 per cent of votes cast as a way of underlining his authority to govern over the next four years.

Some knowledgeable observers, including Ms Byrne, believe that the failure of the two nominally independent challengers to come to a deal is simply a question of ego.

When the Chicago Sun-Times recently reported a remark attributed to Mr Hynes to the effect that he had "heard" of a secret meeting between Mr Vrdolyak and reputed crime syndicate boss, Mr Joseph Ferriola, Mr Vrdolyak promptly denied the charge and slapped a slander suit on the newspaper for publishing the story.

Others maintain that the pair, accepting Mr Washington's primacy, are vying for control of whatever crumbs of power the traditional wing of the party retains.

Assuming that the incumbent mayor records his expected victory, in what will now be a tighter race than anticipated, the real test of his stature is still to come.

In his first term in office, the mayor was effectively hamstrung for three years by a majority of opposition aldermen.

The aftermath of this election should provide the first clues as to whether Mr Washington will use his hard-won hegemony to run the city efficiently and equitably or to construct his own version of the patronage machine, fine-tuned to peak performance in the years of mayor Richard Daley from 1955 to 1976, which he has lately fought so hard to dismantle.

US industrial orders rise sharply

BY NANCY DUNNE IN WASHINGTON

THE PACE of US economic expansion picked up in March as industrial orders increased sharply, according to a report released yesterday by the National Association of Purchasing Managers.

The monthly report, based on a survey of 250 purchasing managers and big industrial companies, said that production rose modestly and employment had expanded.

The association's economic index rose to 53.9 per cent, up from 51.5 per cent in February. Any reading above 50 per cent is taken to mean the economy is expanding.

The number of purchasing managers reporting an increase oin new orders jumped from 33 per cent in February to 41 per cent last month. Those reporting declines fell from 16 per cent in February to 9 per cent.

Increases in employment were reported by 16 per cent of the managers, compared with 12 per cent in February.

WORLD TRADE NEWS

UK seeks intellectual property pact with South Korea

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE UK is trying to negotiate a bilateral agreement with South Korea to protect the intellectual property rights of UK companies doing business in that country along the lines of a deal reached last year between South Korea and the US.

Such an agreement would remove one difficulty facing British exporters who are anxious to sell high-technology products to the Koreans but are worried about patent infringement.

For its part, South Korea is believed to be keen to step up its collaboration with British high-technology manufacturers as part of its effort to wean itself from dependance on Japanese and, to a lesser extent, US suppliers.

Mr Geoffrey Pattie, UK minister responsible for information technology, pressed strongly for a bilateral arrangement during a visit to Seoul last month.

Next week, the cudgels will be taken up by Mr Michael Howard, Consumer and Corporate Affairs Minister, who is scheduled to go on to Seoul following his current visit to Tokyo.

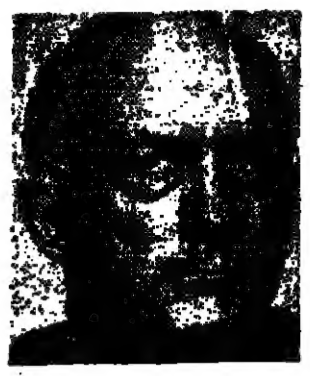
The British argue that the bilateral deal struck last year offers US residents privileged protection in areas such as publishing copyright and patents on chemicals, pharmaceuticals and high-technology equipment.

South Korea is get to strengthen its traditionally rather lax approach to intellectual property rights with legislation due to take effect in July.

This should go some way towards soothing the worries of UK software exporters, but US firms will continue to enjoy an advantage because the US agreement with South Korea provides specially for retroactive protection for patents taken out before the legislation becomes effective.

Specifically, Britain would like the South Korean Government to ensure that only licensees under licence from a UK patent holder are allowed to engage in production of British-patented goods in South Korea.

Though the talks are still some way from a conclusion, Mr Pattie is understood to have told South Korea that he will raise the matter with the European Commission in Brussels if satisfaction cannot be obtained.



Pattie: pressed for pact

Seoul to relax ban on car imports to head off retaliation

BY MAGGIE FORD IN SEOUL AND JOHN GRIFFITHS IN LONDON

SOUTH KOREA is to lift some barriers to car imports from July 1. Currently all car imports are banned, except those used by foreign diplomats.

The move is designed partly to head off pressure on South Korea to restrict voluntarily exports of cars to the US, where Hyundai has broken all records for sales growth since its debut in February last year. Hyundai's forecast of 100,000 US sales in the remaining 10 months of 1986 was deemed wildly optimistic. In the event it sold 168,882.

The South Koreans have become particularly sensitive to the issue as fears have grown of a trade war between the West and Japan.

Cars of more than 2 litres will be allowed into South Korea from July 1 this year and of more than 1.6 litres from July 1988. South Korea's own car output is mainly below these capacities.

Most European, Japanese and US car makers are already queuing up to take advantage of the liberalisation. Eleven European companies, including Mercedes, BMW and Volkswagen of West Germany; Renault and Peugeot of France; Volvo of Sweden; and Fiat of Italy have signed dealership contracts with local concerns.

Lowering the barriers offers Western exporters little prospect of an immediate sales bonanza. Korean incomes are still low and total new car sales last year were only an estimated 140,000 units.

Analysts DRI forecast, however, that increasing wealth will lead to a doubling of new car sales by 1991. There are obvious advantages for Western exporters who install dealer networks, or even assembly operations, at an early stage.

Taxes and tariffs are still likely to double manufacturers' prices by the time they reach showroom floors. Koreans, however, tend to be status conscious and the more expensive European cars are expected to sell relatively well.

No UK manufacturers have yet taken concrete steps to enter the market, but both Rover Group and Jaguar say they have good reasons for not yet doing so.

Austin Rover, the UK's state-owned volume cars group, said it had only one model in the 2-litre-plus sector, the Rover 800, which Honda, Austin Rover's partner, has just begun building in Japan.

It said it was much more concerned with setting up a proper distribution network in South Korea by July 1988, when the lower capacity threshold is introduced. Contacts have already been made with several prospective distributors, the company said.

Denying that Austin Rover was being slow off the mark, the company pointed to Taiwan, where Austin Rover cars went on sale there last February and achieved 800 sales. This year a total of 2,000 was forecast.

Jaguar insists that its decision not to take advantage of the South Korean opening yet has nothing to do with inertia, but is the result of its inability to meet surging demand "almost anywhere in the world." The waiting period in the UK is 12 months.

"We have already examined South Korea. It's not a case of not wanting to go in," said a Jaguar spokesman, "it's a question of resources and we will be interested in the future."

SOUTH Korea will end all restrictions on imports of semiconductor chips from July 1, AP-DJ reports from Seoul.

The action is in line with the government's import-liberalisation timetable but has nothing to do with the trade friction between the US and Japan over semiconductors, ministry of Trade and Industry officials said.

From July 1 this year, all foreign semiconductor chips will be free for import and no prior approval would be needed," said a Ministry official.

South Korea now imposes no restrictions on chips imported for use in export items but recommendation by the Electronic Industries Association of South Korea is needed to import certain foreign chips for domestic use.

Rise in Japan's EEC car sales increases tension

BY WILLIAM DAWKINS IN BRUSSELS

TRADE TENSIONS between Brussels and Tokyo look set to worsen following the announcement yesterday of a further strong rise in Japanese car shipments to the EEC.

According to figures from the Japanese Automobile Manufacturers Association released in Brussels, the country's car sales to Europe rose by 21 per cent in February from the same month in the previous year.

That represents a slight slackening in the rate of growth from the 38 per cent increase recorded in January, but taken together the first two months of the year still show a steep 34 per cent rise to 282,500 units over the comparable period in 1986.

These figures come a month after Hokyo's Ministry of International Trade and Industry issued warnings to Japanese car makers that sales to the EEC were growing too fast

Miti asked its car industry last month to hold export growth to the Community back to an annualised figure of 10 per cent this year, well down from the 1986 record of 19 per cent

While car industry officials in Brussels accept that the impact of any restraint by Japanese car exporters is bound to take time to show through in shipments, they are reading the continued strength of sales growth as evidence of a deliberate targeting of the European car market

One official pointed out that light commercial vehicle shipments from Japan had decreased by 11 per cent in the first two months of this year, suggesting that Japanese manufacturers were avoiding an area where European companies had special strengths, while selling hard in areas of vulnerability.

European car makers are lobbying an increasingly sympathetic European Commission for proposals to control Japanese car companies' sales and investments in the Community.

The Commission had no formal reaction to yesterday's figures, but an official said that "obviously this is something we will be watching very closely."

If Japanese car makers are to observe Miti's pleas, they will have to act fast.

One industry official yesterday pointed out that even if Japan froze car exports at last year's level until December 1987, shipments would still come out 8 per cent ahead of 1986.

Trafalgar House in NZ bridge talks

BY PETER MONTAGNON

TRAFALGAR HOUSE has begun preliminary discussions in New Zealand for a contract to build a second bridge across Auckland's Waitemata Harbour.

If it goes ahead, the project, which would relieve traffic congestion on the existing bridge, would be the first such deal in New Zealand to be financed on the newly fashionable "build-own-transfer" basis.

Trafalgar said yesterday it first approached the New Zealand authorities with the idea after a plan was submitted earlier this year for a tunnel project by Kumagai Gumi, the Japanese construction firm, in association with McConnell Dowell, a local company.

Under the BOT scheme, which was pioneered by Turkey, contractors in civil engineering projects are repaid directly out of the revenue from the project before transferring the ownership back to the host authorities.

However, Trafalgar stressed yesterday that the talks in New Zealand were still at early stage and it may take until the end of the year before any final decision is made.

As with other BOT projects which have been discussed around the world, the financial arrangements would be extreemly complicated.

One problem in the New Zealand case is that the winning consortium would have to recover its costs, estimated locally at some NZ$ 300m (£107m), from tolls, but to make the project commercially viable, tolls would have to be reimposed on the old bridge as well.

The existing bridge was built in 1959 and widened about 10 years later. Tolls ceased to be charged about three years ago.

Difficulties with financing arrangements are holding up other BOT projects as well. Trafalgar is still working with Morgan Guaranty, the US bank, on a financial package for the third Bosphorus bridge, for which it was awarded a letter of intent a month ago.

One difficulty here is that revenue would be in Turkish lira. Lenders would want to ensure that it could be converted into foreign currency at an exchange rate which would guarantee them a return on their money.

PAXMAN DIESELS, a subsidiary of GEC of the UK, has won the largest single order in its 121-year history from the US coastguard. The $42m order is for the supply of 62 of the company Valenta diesel engines for 21 cutters to be built for the US coastguard by the Bollinger Machine shop and shipyard of Stockport, Louisiana. They are in addition to the 48 engines in service with the coastguard fleet.

El Al to buy Boeing 757s

BY ANDREW WHITLEY IN JERUSALEM

EL AL, the Israeli state-owned airline making a slow climb back from near bankruptcy, is to buy two advanced versions of the Boeing 757 for $78m (£48m).

The purchase is being largely financed through a $50m Ex-Im Bank-guaranteed loan raised by Bank Hapoalim, one of Israel's two leading banks.

The 12-year loan, which does not carry a government guarantee, gives the airline a flexible option in its first three years to switch from a fixed to a market-linked variable interest rate.

Israeli borrowing forays abroad are so unusual these days that no benchmark has been established for first-rank, state-owned customers, such as El Al. Hapoalim would not disclose the spread of its loan, but it is likely to have been more than 1 per cent.

The two Boeing aircraft, which form part of a broader re-equipment programme, are to be delivered towards the end of this year.

Dutch construction group in $220m Saudi deal

BY LAURA RAUN IN AMSTERDAM

BALLAST NEDAM, the Dutch-based construction group, with Hanil Development Company of South Korea have received a $220m (£137m) order from Saudi Arabia for two communications centres and airfield facilities.

The communications centres will be located in Dhahran and Khamis Mushayt and will include supporting facilities, roads and parking areas. Completion is scheduled for the first half of 1989.

The third contract is an extension of an earlier $2.1bn project to build and improve airfields across Saudi Arabia, also shared with Hanil of South Korea. The original airfield project, begun in 1984, is due for completion in 1989.

Ballast Nedam is owned by Mr Issam Michael Fares, a Lebanese businessman involved in Minefa Holding, a company reportedly closely linked with Prince Sultan Ibn Abdel Aziz, the Saudi Defence Minister.

The company was taken over by Mr Fares in 1982 and since then has won several big orders in the Middle East, including the $700m Saudi Arabia-Bahrain causeway.

Ballast Nedam is also a member of the Dutch consortium bidding for a $1.85bn order for submarines and docking facilities from Saudi Arabia.

The big Saudi order comes at a time when the kingdom and other Middle East oil producers have dramatically curbed their investments in large capital projects. The oil price plunge has severely shrunk national incomes in Gulf states.

Over the past year Ballast Nedam has been engaged in a sweeping reorganisation to put the company on a healthier footing following a difficult year in 1986.

OPEN WINDOW
BY
Raoul Dufy

OPEN WAY
BY
ICL

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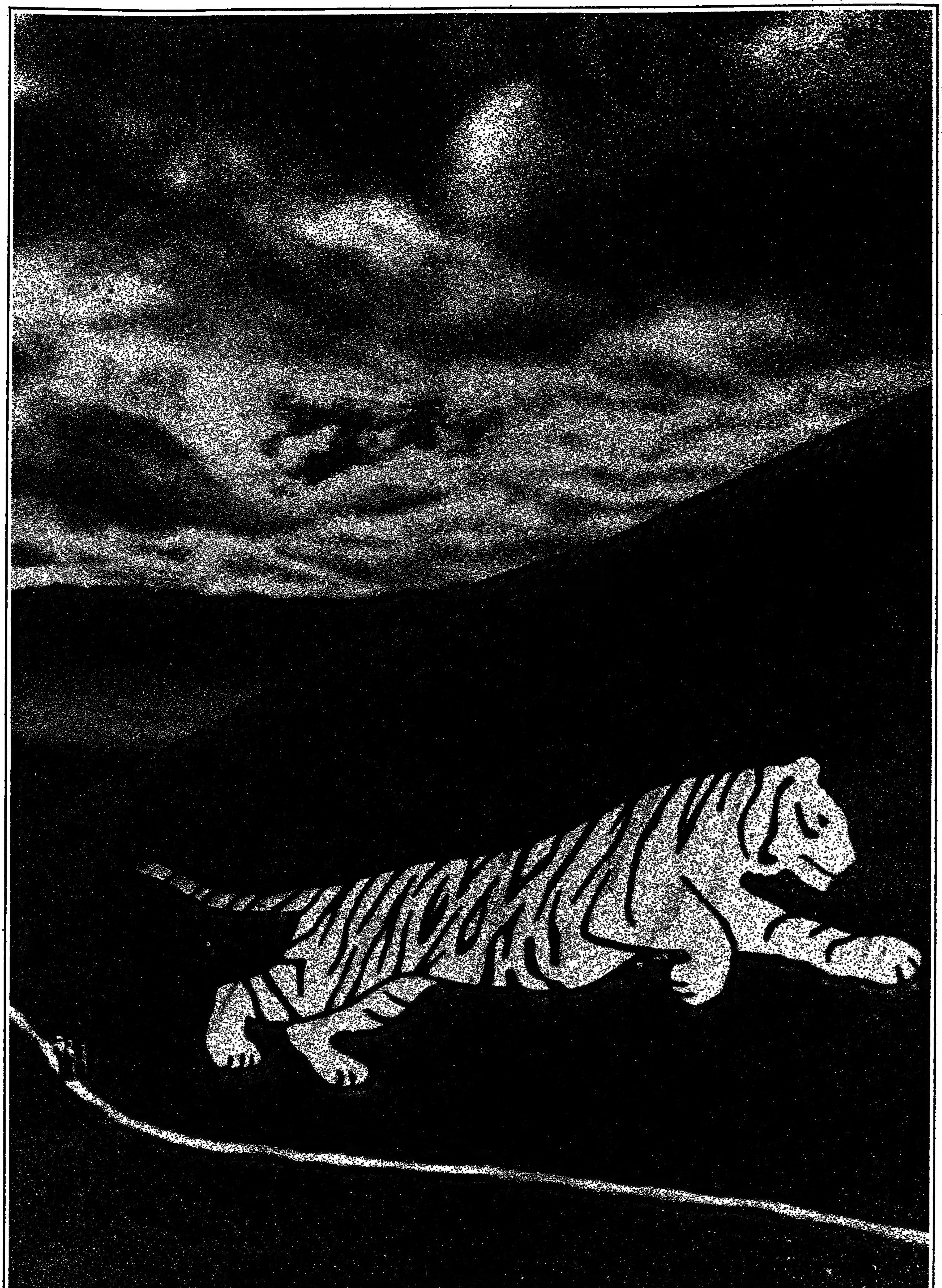

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Many finds are now displayed in the museums of five counties, and documented in *The Past in the Pipeline.* We're also happy to record that for this Esso received the Illustrated London News archaeology award from the British Archaeological Awards.

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UK NEWS

MPs press for launch of world TV news

By Raymond Snoddy

THE GOVERNMENT will be urged today to give early approval for the BBC to launch a television version of the World Sevice delivered by satellite.

More than 150 MPs including 70 Conservative back-benchers have signed an all-party motion tabled by Mr Peter Temple-Morris (Conservative).

The MPs applaud Independent Television News for its international news on Super Channel, the British satellite television channel aimed at Europe.

They argue, however, that the BBC's name, facilities, and established global audience of 125m for the radio World Service makes BBC External Service the best organisation to launch an international television news service from the UK.

The motion describes the costs of such a venture – £1.4m capital costs and £7.2m running costs, reduced eventually by programme sales – as "outstanding value."

Mr John Tusa, managing director of BBC External Services, submitted a formal request for funding for the project to the Foreign and Commonwealth Office at the end of last year. He is still awaiting a reply.

Mr Michael Checkland, the BBC director-general is determined to create a daily international television news programme, and has suggested that it could be shown on BBC 2 as well as distributed to the rest of the world.

Edinburgh launches bid to regain 'lost prestige'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

EDINBURGH yesterday launched a campaign to regain lost prestige and shake off what it believes is an image of complacency, lethargy and preoccupation with the past.

City dignitaries released into the raw east coast sea mist a flock of 5000 balloons bearing the slogan "count me in" with the "in" picked out in red from the word Edinburgh.

The slogan should appear on car bumpers and lapels, and in company and council publicity, and is backed by a video film with voice-over by the actor Sean Connery, once an Edinburgh milkman. It has been devised by Dr Michael Kelly, who in 1983 launched the successful "Glasgow's miles better" campaign to help Glasgow shake off its image of a rough, decaying city.

But Mr David Mowst, chief executive of Edinburgh Chamber of Commerce, which is behind the campaign, insists that rivalry with Glasgow has nothing to do with it. "We're trying to compete with the rest of Europe and internationally," he says. "We have become inward looking and complacent and other people have crept up on us."

For 10 years, he says, Edinburgh's citizens and its politicians – both Conservative and Labour – have argued about possible projects instead of actually implementing them. Hence the emphasis in the slogan on participation and co-operation.

One example is the idea of creating a large purpose-built conference centre, intermittently discussed for nearly a decade while conference business has increasingly passed Edinburgh by.

Getting the conference centre off the ground is the first concrete objective of the "count me in" campaign, which is costing £50,000 to launch. But the general aim is to persuade the citizens of Edinburgh to participate more in projects to improve the city.

Mr Malcolm Rifkind, the Scottish secretary, who is an Edinburgh man himself, said recently that although many of Scotland's leading figures in such fields as politics, the law, education and medicine live in Edinburgh, they take little part in the life of the city.

He blamed a good part of the city's inertia on its present Labour council which he accused of having "an obsessive belief that the city can thrive while penalising and punishing the business community."

The chamber of commerce has fiercely denounced the decisions of the district council and the regional council, which is also Labour-controlled, to increase rates for this financial year by an average of 32 per cent.

But yesterday the Lord Provost (Mayor), Dr John Mckay, not only sat on the platform for the launch of the "count me in" campaign, but, a trifle diffidently, actually mouthed the slogan. And there was no mention of the unofficial slogan now appearing on cars in Edinburgh in response to the "Glasgow's mile's better" campaign. It reads: "Edinburgh, slightly superior."

Standard Life to fund store rebuilding

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

STANDARD LIFE Assurance is to provide £80m to fund the redevelopment of Whiteleys, one of west London's most famous department stores which closed several years ago and, which, in its Edwardian prime, promised to provide "everything from a pin to an elephant."

The investment is one of the largest by an insurance company in the British retail sector.

In a second move, Mr Nicholas Ridley, the Environment Secretary, announced that the Commonwealth Secretariat would be moving out of Marlborough House. This will allow the property Services Agency to start a £5m repair programme running to 1990.

Marlborough House was designed by Sir Christopher Wren, the architect of St Paul's Cathedral, and was a royal residence until 1959.

Union withdraws QE2 industrial action

BY JIMMY BURNS, LABOUR STAFF

THE NATIONAL Union of Seamen (NUS) will not physically oppose the new crewing arrangements on the QE2, the Cunard-owned cruise liner, it has said.

The NUS had planned to disrupt the QE2's departure on a world cruise after the ship's hotel and catering staff had voted overwhelmingly to accept the company's severance terms, allowing it to replace them with crew supplied by an outside agency.

The union confirmed yesterday that it had withdrawn the threat of industrial action because of the risk of prosecution under trade union legislation.

The NUS executive council voted unanimously last week to drop any further action, after being advised by union lawyers that action by dockers and members not directly involved in Cunard's employment plans would be considered secondary and, therefore, illegal by a court.

Cunard will now offer all 800 hotel and catering staff originally employed on the QE2 the option of being rehired under more flexible pay and working conditions by a Caribbean employment agency.

Such an arrangement, which includes a no-strike clause, is already operating on the Countess, another Cunard-owned cruise ship. The company's latest plans represent a serious blow to the NUS, which has seen its membership dwindle in recent years.

Although both the company and the union said they expected to consult each other over the next week, it is expected that a majority of the hotel and catering staff will eventually be replaced by foreign employees.

Even if they seek re-employment through the outside agency, the hotel and catering staff will no longer be represented by the NUS in collective bargaining.

Of the 1000-strong crew originally employed on the QE2, only the 200 engine and deck staff are likely to remain within the union in the foreseeable future.

The QE2 is expected to depart from Southampton on a world cruise on April 29, after undergoing test trials in the Baltic Sea.

UK NEWS

Opinion poll support for Thatcher spurs markets

BY JANET BUSH

FINANCIAL MARKETS surged ahead yesterday in response to the latest opinion polls which showed an increased lead for the Conservative Government of Mrs Margaret Thatcher.

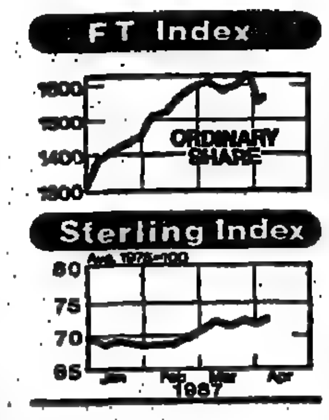
As sterling rose, the domestic money markets started anticipating lower interest rates, and both equities and UK government bond prices forged ahead.

The pound had risen sharply overnight in Far East markets in an immediate reaction to the opinion polls and it found strong demand as European banks opened for business.

This enthusiasm was swiftly cooled when the Bank of England started to sell sterling, mostly against the dollar. The pound never regained its opening highs, but still remained firm.

Overall, the intervention is thought to have been quite heavy. The Bank is believed to have dealt in modest amounts but its action was spread across several banks and was, therefore, obvious. It was reported to have sold sterling at around $1.6230, just below its day's high.

The pound's trade weighted index had opened sharply higher at 72.5 compared with Friday's closing 71.9



but, after the official sales, traded at 72.4 for the rest of the day.

After widespread discussion last week about the nature of the exchange rate target band which the authorities appear to be operating, the market was nervous about pushing sterling much higher at this stage against the Bank's wishes.

Mr Nigel Lawson, the Chancellor of the Exchequer, said last week he was happy with sterling around "current levels" which were around $1.60 and DM 2.90. Yesterday saw sterling substantially higher than that at highs of $1.6245 and DM 2.9605, although it closed at $1.6175 and DM 2.9525 compared with its Friday close of $1.614 and DM 2.935.

There was speculation that at its highs yesterday sterling had come near to the top end of its target band, particularly as it was at these levels when the Bank finally conceded a cut in base in the week before the budget.

Dealers were also cautious before seeing the results of more opinion polls this week and before this week's key monetary meetings get underway in Washington.

On the money market, the three-month interbank rate fell to 9½ per cent at the opening, discounting a half point cut in base rates from the current 10 per cent, but then firmed to end nearer 9¾ per cent.

UK Government bonds attracted strong demand, including from Japan, which cheered those who had feared that Japanese investors would be put off by the difficulties over trade with Britain. Longer-dated stocks closed about 1¼ points higher.

On the equity market, the FT-SE 100 index ended 24.5 up at 1999.6 and the FT Ordinary index closed 19.6 higher at 1568.0.

Lex, Page 22; Money markets, Page 33

Lloyd's agents to lobby politicians over tax reform

BY NICK BUNKER

LEADING UNDERWRITING agencies at Lloyd's of London have begun a political lobbying campaign aimed at heading off Government proposals for a major change in the insurance market's tax regime.

The move reveals deepening anxiety among many of the market's 420 underwriting agencies. They are arguing that the Government's proposals could inflict serious damage on the Lloyd's market's commercial viability.

They intend to mobilise support among the market's 32,000 underwriting members, known as names, including about 60 Conservative MPs and a large number of peers.

The move is a response to plans unveiled last month by Mr Nigel Lawson, Chancellor of the Exchequer, to close what he called an "unjustified tax break" at Lloyd's. This involves the tax treatment of "reinsurance to close," a mechanism used by Lloyd's syndicates to close their accounts at the end of an underwriting year.

The lobbying efforts are being led by the Lloyd's Underwriting Agents' Association (LUAA). It represents the market's 420 underwriting agencies, which manage Lloyd's syndicates and look after the affairs of Lloyd's names.

At a mass meeting last Thursday, the association circulated all 420 agencies with a briefing document setting out Lloyd's case against the Revenue. It says that the "practical and commercial" effects of the proposed change would be "very damaging" to a key sector of the British economy.

This is because the Revenue's proposals could significantly increase the tax liability of many Lloyd's names, eliminating some of the attractions of joining the market.

The briefing document says that Lloyd's "has never sought to place its activities beyond the purview of the Inland Revenue. The Inland Revenue must be satisfied that the reinsurance-to-close is reasonably based."

The association's anxieties centre, however, on a draft clause of this year's Finance Bill, which is due to be published later this week, but has been circulating among the Lloyd's community in the last few days.

The chief executive of one of the market's biggest underwriting agencies said last night that the clause was "pernicious: its wording goes far beyond anything that was suggested in the budget speech."

Mr John Heynes, the LUAA's chairman, said he was writing to Lloyd's names, whose affairs he manages, to seek their support.

Rover car sales recovery falters in month of record registrations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE STATE-OWNED Rover Group's recovery in the UK new car market faltered slightly last month as total registrations soared to record levels.

General Motors, the Vauxhall-Opel group, also continued to lose ground while Ford increased its market leadership. But, because the two US-owned groups are supplying more cars from their British factories, for the first time in many years the strong surge in new car sales has not been accompanied by an equally big increase in imports.

According to the Society of Motor Manufacturers and Traders, new car sales last month were up 8.18 per cent on March 1986 at 185,921. This put first-quarter registrations 5.87 per cent ahead of the same period last year – which went on to set a record for new car sales – at 498,982.

In the first quarter the importers' share fell from 54.48 per cent to 49.41 per cent.

This was mainly because both Ford and GM have cut the number of cars imported from their Continental factories. In the quarter, Ford's UK plants supplied 72.8 per cent of the cars sold against 67.3 per cent in the same months of 1986, while GM supplied 70.1 per cent, up from 51.3 per cent.

The Rover Group's new marketing approach involving what is almost the re-launch of its car range and which worked well in January and February, could not prevent the company suffering a fall in both volume and market share last month.

This was in spite of a promotional campaign on the Metro reaching a peak in the middle of March.

Rover's Maestro, for which the revamped marketing approach has only just started, dropped out of the list of 10 best-selling cars so far this year. In contrast, the Peugeot 205, one of the cars most in demand in Europe, made a first appearance last month.

In the first quarter, Rover increased its registrations by 1.4 per cent to 86,971. But that was not enough to keep pace with the increase in the total registrations and Rover's market share fell from more than 17 per cent to 16.5 per cent.

Any chance of the UK group being overtaken by GM is slim, however, because the Vauxhall-Opel company suffered a fall in both sales volume and market share in the first quarter.

But GM claimed yesterday it was on target to achieve its full-year objective of a 15.5 per cent share.

Best-selling cars in March were: 1, Ford Escort (18,971 sold); 2, Ford Fiesta (13,088); 3, Rover Metro (12,312); 4, Ford Sierra (11,458); 5, Vauxhall Cavalier (9,429); 6, Vauxhall Astra (7,765); 7, Ford Orion (7,127); 8, Rover Montego (5,328); 9, Volvo 300-series (4,448); 10, Peugeot 205 (4,381).

Expulsion threat faces black party activists

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

A GROUP of leading black politicians will attend a rally today to establish a black section within the Birmingham Labour Party, and risk possible expulsion by the party's national leadership.

Labour's National Executive Committee (NEC) has ruled that, despite considerable internal pressure for their creation, there is no need for separate black sections within the party. It has warned that party members may face expulsion if the ruling is ignored. There are plans to hold similar inaugural gatherings in several other cities.

In an attempt to prevent the meeting from going ahead, several of Birmingham's Labour MPs – including the deputy leader Mr Roy Hattersley – have written to the organisers asking them to abandon their plans.

Their letter refers to the rally as "a meeting organised by a small, unrepresentative group of people who claim to be concerned about the problems of some ethnic communities within our city."

But they say that they are fully committed to racial equality and an end to discrimination, stressing that neither they, nor the local Labour party, require outside advice.

Mr Simon Hinds, a spokesman for supporters of Birmingham black sections, said the rally had not been called to deliberately defy the national executive, but he accused the NEC of implementing "an anti-democratic ruling."

He said the black section would be set up to mobilise "black, rank and file party members and ordinary members of the general public."

A Labour party spokesman said last night that the creation of a black section would not automatically lead to disciplinary action. It would depend on how the section was constituted and on its stated aims, he said.

Mr Denis Howell, Labour MP for Small Heath, said yesterday he strongly resented the attempt to form the Birmingham Black Section, and called on two London Labour politicians coming to the meeting to "stay away from Birmingham and look after their own councils."

He added: "They have divided the Labour Party far too often, and we don't want them to come to Birmingham."

Tory win could result in new job measures

By Our Labour Staff

THE GOVERNMENT is likely to take steps, if re-elected, which would lead to a major reorganisation of the Manpower Services Commission's special employment measures and training schemes for the long-term unemployed.

Senior officials at the MSC say it is likely any incoming government would want to review provision for the long-term unemployed and to reorganise the variety of schemes on offer to form a more coherent programme.

The MSC's concern reflects the rapid but piecemeal growth in the past two years of schemes to help the long-term unemployed back into work.

The development of programmes for the long-term unemployed has reached a stage reminiscent of the commission's provision for the young unemployed prior to the reorganisation in 1983 which created the Youth Training Scheme, according to officials.

The YTS replaced a plethora of training and work experience programmes for the young unemployed, to form a single programme

Tory strategists opt for switch of tactics against Alliance

BY OUR POLITICAL EDITOR

THE CONSERVATIVE Party is to alter its tactics in attacking the Social Democratic Party (SPD)/Liberal Alliance as the tempo of pre-election speculation slackened at Westminster. There was further confirmation that a May 7 poll has been ruled out.

Conservative strategists met yesterday afternoon for the first time in two weeks as a series of opinion polls showed the Tories at around 40 per cent and Labour and the Alliance neck-and-neck at roughly 30 per cent each. Special surveys of marginal seats put the Conservatives in an even stronger position.

A MORI poll in this morning's Times newspaper indicates that the Tories would have an overall House of Commons majority of 92, about 50 less than at the 1983 general election. Labour would only gain only 15 seats on its present total of 224, and the Alliance, in spite of a rise in its share of the vote, would win only 22 seats.

Ministers are being careful to leave open the options between June and the early autumn but they recognise that, as in 1983, an irresistible momentum could build up for June.

Tory strategists have concluded that while the attack on the Alliance must be continued, there should be a change in style and tone from the highly personalised strong language used by Mrs Margaret Thatcher, the British Prime Minister and Mr Norman Tebbit, the Conservative Party chairman, in speeches to party activists in Torquay recently. This was followed by a further advance in the Alliance's poll ratings.

First indications of a new approach will come during the Tories' campaign for the May 7 local elections where the party will concentrate on the local records of councils where the Alliance is sharing power or holds the balance. The Tories will point to the Alliance working closely with Labour.

Conservative Central Office is geared up to carry out detailed analyses of the results during the night of May 7 and to provide a full view well before Mrs Thatcher meets her senior advisers the following Sunday.

Builders' poll warning

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

CONSTRUCTION companies banking on benefits from an upturn in public sector spending if the Labour Party wins the next election are in for a disappointment, according to analysts' reports presented at the building industry convention in Brighton.

A Labour government would be unlikely to be able to meet its pledges of £3bn per annum in public spending on construction, they warned. If it did, there was a danger of the industry becoming overheated and suffering from a shortage of labour and materials leading to increased costs.

"Broader economic considerations would mean that any new government would have to control public spending and that cuts would fall on the infrastructure," said Mr Bill Martin, chief economist at Phillips & Drew stockbrokers.

Although the construction industry has traditionally done better under a Labour government, Mr Jamie Stevenson, building analyst at Wood Mackenzie, stockbrokers, said the pattern was unlikely to be repeated.

Mr Stevenson forecast a 5 per cent real growth in construction in 1987 on the back of the current private-led boom in sectors of housebuilding, and the building of offices and shopping centres.

But he warned that a Labour victory could lead to a loss of confidence and downturn in these sectors, which would not be compensated for by increased public spending.

UK NEWS

Charles Leadbeater assesses the impact of government job creation schemes on the long-term unemployed in north-east England

HMS Warrior helps restore hope in an ocean of unemployment

A WORKFORCE of previously long-term unemployed shipyard workers are renovating Britain's first iron-clad battleship, HMS Warrior, in a disused dock in north-east England.

The ship arrived in 1979 – a 400ft hulk – with weeds and bushes sprouting from its concrete deck. Seven years later, masts welded on site with resplendent rigging tower over the harbour, accompanied by a new figurehead, replica guns with all their paraphenalia, and more than 35,000 feet of decking. The ship is a monument to the memory of the industries and workers that once thronged around the River Tees in Hartlepool.

The success of the Warrior project has been a symbol of hope for the town's unemployed.

Two-thirds of the workers, who have poured their craftsmanship into the ship's restoration, are on the Manpower Services Commission's (MSC) Community programme for long term unemployed.

They, too, have undergone a restoration: of their self-respect and dignity, says Mr Bill Stevenson, MSC, scheme manager.

The project could not have been completed, without the subsidy of the community programme, he says, although many of the workers have been taken on as full-time employees to finish the job on time. But for them it has been a temporary respite, as the Warrior will soon reinforce the depression which hangs in Hartlepool's air.

Unwanted north-eastern skills have been lavished on refurbishing this symbol of Britain's former industrial and military might, only to see it leave to serve the southern tourist industry.

The renovation will be complete in June, when the Warrior will leave for Portsmouth to join HMS Victory. "We cannot even keep the new industries," says one shipwright.

What will become of the ship wrights, platers, joiners and welders filing through the gates into a silent town?

"They will go on the dole. They have all been made redundant at least once before. If you are a north-eastern shipbuilder you are at the butt end of the country," says Mr Stevenson.

They will join 30,000 long-term unemployed in the Cleveland area, the product of widespread closures in the traditional industries of the north-east: steel, shipbuilding and coal.

Between Hartlepool and Middlesbrough a line of capital-intensive petro-chemical plants billow smoke and fumes, a conspicuous island of prosperity and efficiency in an otherwise barren landscape.

The task of bringing hope to the long-term unemployed is Mr Geoff Garnett's. He is the manager of the MSC's employment initiatives in the area.

"Even five years ago I suppose we thought there might be a return to full employment," he says. "We were training for stock. Now we have to take a totally different approach to long-term unemployment."

In the 1960s, when Mr Garnett joined a staff of seven unemployed workers used to visit the employment exchange to be given green cards for jobs in local industries.

In the 1980s the long-term unemployed's first call is at the MSC's Restart programme. More than 11,000 long-term unemployed workers have gone through Middlesbrough's Restart counselling since it started last June.

All have been sent a written invitation to an interview with one of a team of counsellors in Middlesbrough's centre. But there are strings attached; someone refusing an interview runs the risk of losing their unemployment benefits.

At the interviews, the counsellors discuss the person's work history, and what they have done since they became unemployed. They go on to explore options for training, work programmes, and enterprise initiatives.

But, according to Mrs Beryl Fuller, responsible for the programme, it plays a wider role.

"Restart helps to end the sense of isolation among the long-term unemployed. They socialise and realise that they are not alone. Moreover, someone in authority is finally taking an interest in them," she says.

Some of the restoration programme members who are wondering what their future holds

Mr Paul Richmond, a 23-year-old joiner unemployed for more than a year, overcame considerable scepticism to come to the interview.

"I just thought it was another trick to get the dole figures down. But they have put me in touch with a training scheme to get the qualifications I need, so it has been worthwhile," he says.

"The MSC is proud of the Restart programme, with 83 per cent of interviews ending in a "positive outcome." But only about a tenth of those were "real" jobs, with the majority going onto other MSC programmes, or transferred from unemployment benefit, the unemployment register and onto social security payments.

As one official wryly comments: "Positive outcomes means anything short of the unemployed person banging their head against the wall."

One of the most heavily used courses is the one-week Restart programme which aims to both help people cope with the financial pressures of unemployment and to remotivate them to look for work.

"We have a higher proportion of people going on Restart courses, because so many of the long-term unemployed just do not believe there is any point to looking for a job," says Mr Fuller. They live in a different kind of world."

Critics argue that the financial advice merely helps the unemployed to adapt to life in that different world.

A second route from the Restart interviews is into one of Middlesbrough's two job clubs. Next to the Job Centre, 50 men spend half a day huddled over tables scouring newspapers.

They are expected to generate 10 job leads a day, with many speculative inquiries to companies, to tap into the 70 per cent of unadvertised vacancies.

Mr Dawn Buxton, a Job Club leader, says: "We do teach people to be realistic and flexible about the jobs they are going for, but we are not forcing them to lower their expectations."

As well as providing basic, but much needed job getting skills, such as writing a curriculum vitae, or interview technique, Job Club members have their searches subsidised through free postage and telephone calls, facilities employed job seekers might take for granted.

Each day they are provided with the latest vacancies posted in job centres, but the MSC says they are not given preferential treatment.

Since the clubs were established as the second in the country in November 1984, about half the 155 members have found jobs. Impressed by this success rate, the MSC plans a major expansion of the clubs to 1,000 nationally by April.

But the Middlesbrough MSC staff believe the clubs could soon reach saturation point with local employers bombarded with applications.

Inevitably, many of the Restart interviewees end on one of the year-long Community Programme (CP) schemes, the MSC's largest programme for the long-term unemployed.

The years of phenomenal growth in the programme are over. Locally it has more than doubled to 8,300 since it started in September 1983, but it will remain at that level for some time in line with national budgetary guidelines.

During its rapid expansion, the programme was widely criticised as a cheap-labour, public works scheme. The MSC is responding with a growing stress on quality.

Along with this stress on quality, the Commission plans to expand enterprise-training, by encouraging Community programme trainees to develop marketable products. They will then be able to move on to a further year on the Enterprise Allowance Scheme, which offers a weekly grant of £40 for unemployed people starting their own businesses.

February borrowing hits £2.9bn peak

BY JANET BUSH

BRITAIN'S consumer credit boom shows no signs of abating with the amount of fresh borrowing rising to a record in February.

Figures released yesterday by the Department of Trade and Industry showed that the amount of new credit advanced by finance houses, retailers and credit card companies rose to £2.9bn in February compared with £2.7bn in January.

DTI officials said February's particularly high figure could have been partly because some new borrowing had been delayed from January when the consumer's appetite for credit appeared to have been depressed by the bad weather.

However, February also saw a very high level of fixed sum credit agreements. Hire purchase credit was high, partly because of special promotions of finance deals for buying cars.

The total amount of credit outstanding at the end of February was £24.5bn, 4 per cent more than the total three month earlier. Total advances in the three-month period from December to February were 2 per cent higher than in the previous three months.

The credit surge has been an important factor in sustaining the boom in retail sales in the past year.

Market for frozen food loses its momentum

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

THE UK market for frozen food lost some of its momentum last year, according to figures published yesterday by Birds Eye Wall's, the Unilever subsidiary.

Sales of ready meals and potato products rose strongly, but other sectors were relatively sluggish. As a result, total spending increased by only 4.7 per cent, to £1.91bn at retail prices, after the 9.3 per cent surge recorded in 1985.

Volume sales of fish products fell as a result of 15-20 per cent increases in raw material prices. Cakes and desserts also lost ground.

The Birds Eye annual review of the market highlights an 18 per cent increase in the value of sales of prepared meals, the second biggest sector after green vegetables. However, this compares with a 38.5 per cent rise recorded in 1985.

Volume sales of these dishes were 13 per cent higher after a 31 per cent jump in the previous year.

However, the company suggests there is still plenty of growth in the market, which still accounts for only 5.5 per cent of all expenditure on food.

Total per capita consumption in the UK of 20.8 kilograms a year is little more than half the US figure.

Bid to boost film industry

By Raymond Snoddy

THE BRITISH cinema industry is intensifying its marketing efforts with a national film festival at which 32 films will be given their world premier in the UK.

Cinema 87 to be held in Brighton from May 21 to 25 is the first promotional festival of its kind to be held in the UK.

The event comes after the Cannes Film Festival in the south of France and its organiser, Mr Denis Cave, hopes that films stars and directors will travel on from Cannes to attend the Brighton festival.

THE THATCHER YEARS 1979-

Part 12: Malcolm Rutherford says crime proved a more complex prob lem than the manifesto allowed

Getting tough is not enough

THE Conservative Manifesto of 1979 left no doubt about it. "The most disturbing threat to our freedom and security," it said, "is the growing disrespect for the rule of law." Although some of that was about the law as it affects industrial relations, the bulk of it was about the fight against crime.

The manifesto went on: "The number of crimes in England and Wales is nearly half as much again as it was in 1973. The next Conservative government will spend more on fighting crime even while we economise elsewhere."

Some of the language was quite brutal: "For violent criminals and thugs really tough sentences are essential . . . We need more compulsory attendance centres for hooligans at junior and senior levels. In certain detention centres we will experiment with a tougher regime as a short, sharp shock for young criminals."

Yet there was also a softer side. In some cases, the manifesto suggested, "long prison terms are not always the best deterrent. So we want to see a wider variety of sentences available to the courts."

Nearly eight years later the Conservatives have carried out most of their promises to devote more resources to the fight against crime but recorded crime has continued to go up by an annual rate of around 6 per cent.

What has happened is that the problem turned out to be vastly more complex than the writers of the 1979 manifesto realised.

There could be, for example, a series of prison riots this summer because of overcrowding and insanitary conditions. There has also been a powerful outcry about some recent sentences: too lenient for crimes against the person, too severe for some crimes against property. Too many people go to prison for petty offences so overcrowding becomes worse.

The left tends to think that crime has been on the increase because of a divided society created by Mrs Thatcher as shown by the large number of unemployed, especially young unemployed, and the pitiful condition of some of the inner cities. The right leans to the view that yet harsher measures of law enforcement are required: as a deterrent and as a punishment.

There may be something to be said for both views. Yet, while the crime statistics are exceedingly difficult to read, they seem to point in another direction. They indicate instead a continuing change in the nature of crime and in crime detection. The prison statistics suggest a continuing and very serious failure to make the sentence fit the crime.

The crime figures are hard to read because no one is quite sure how far it is crime that has gone up rather than just the number of crimes being recorded. Not so long ago, for instance, far fewer people had telephones; those without may not have bothered to go to the police station to report a minor burglary.

Again, the number of recorded rapes rose by 24 per cent last year over 1985 to 2,288. But nobody really knows whether that is because more rapes are being committed or because the victims are more ready to report cases and the police more sympathetic to receiving them. And although the figure is 2,288 too high for comfort, it is worth asking whether, if you had been obliged to make a guess, you would have put it higher or lower.

There is another problem about interpreting the figures. Those for London differ quite sharply from those for the rest of England and Wales, and those for Scotland are different again.

In England and Wales last year the police recorded 3.8m notifiable offences—7 per cent up on 1985—of which, incidentally, 31.8 per cent were cleared up. But it is the breakdown that is interesting. Theft, and a lot of it fairly minor theft, accounted for more than half. The biggest increases were in recorded thefts from vehicles (stealing the car radio and that sort of thing) which were up by 21 per cent on the previous year. Thefts of vehicles were up by 12 per cent.

The number of recorded offences of violence against the person was—one is tempted to insert the word "only"—128,000, broadly in line with an average increase of 4 per cent a year since 1980.

The more serious the crime (I am not talking about exotic crime like computer fraud) the more likely it is to be cleared up. The clear-up rate for violent offences against the person and sexual offences last year was about 70 per cent; for homicide, according to the official Home Office figures, it was over 90 per cent.

London is different, as perhaps one would expect of such a large city. About two-thirds of all armed robberies in England and Wales are committed in the capital. So are about a third of all homicides and more than half the robberies of any kind. At the same time, the clear-up rate for serious crime in London is lower than elsewhere.

Yet in other ways the crime rate in London has ceased to get worse as fast as in the rest of the country. Recorded domestic burglaries in London last year were down 6 per cent on 1984, whereas they were up 10 per cent in the rest of England and Wales.

One of the reasons must be improved policing, yet a lot of the anecdotal evidence suggests that Londoners themselves have been taking greater trouble over crime prevention.

Some other statistics about theft are worth quoting. In nearly one in four cases of burglary in England and Wales as a whole, the value of the property stolen is recorded as "nil." A lot of it is theft of cheque books and credit cards.

So we are not really talking about a major increase in planned professional crime. That is no comfort to those whose dwellings are burgled, but it helps to put the overall crime figures in perspective.

The Scottish figures make the same point in a different way. There have already been riots in a number of prisons in Scotland because of overcrowding and bad conditions. Yet the important question is: why are there so many prisoners in the first place? The answer is not that there is so much crime, but that too many people are being sent to prison for petty offences and offences for which prison is not the proper response.

About half the inmates in Scottish prisons are there for defaulting on fines—63 per cent of the women and 48 per cent of the men. The average outstanding default is £109; by definition some of the defaults are therefore considerably less. The average sentence for such offences is 19 days. It may well be wondered if that is the best way forward.

The prison problem may well be coming to a head in England and Wales as well. One of the reasons is that no new prisons were built between 1918-58.

The present system is meant to be able to cope with around 41,000 prisoners. It is now dealing with close on 50,000 and there is even high-level talk of an amnesty for non-violent prisoners in the near future to prevent the system breaking down completely.

The Government has embarked on an extensive building and modernisation programme; as many as 17 new prisons will be built or planned over the next eight years. To understand how bad the situation is, it is worth noting that the Home Office is trying to claim credit for increasing the number of prison places with access to proper sanitary facilities from under 50 per cent today to 60 per cent by 1991. That shows how far there is to go.

Yet the lack of a building programme over the years is not the whole of the problem. It comes back to too many people being sent to prison.

The Government says that it has very little control over this because it is the courts which decide the sentences. The courts say that it is none of their business if the Government has not provided enough places for people convicted of offences.

There has also been a problem of how the Government should deal with the other bodies who run the system: the prison officers and the police. The prison officers are not badly paid, but are heavily dependent on overtime. The Government wants to raise basic pay and reduce overtime to make the system more efficient and cost-effective.

The Government has increased the size of the police force, as well as the remuneration. The police say that they are still under-strength. In London they went on to a five day week in 1979 and claim that it was the equivalent of the loss of 3,000 officers on duty at any one time. They also say that they have new tasks. One Saturday in March this year 1,035 officers in London were on football duty.

The Home Secretary has authorised the recruitment of another 1,200 officers over the next four years. Sir Kenneth Newman, the retiring Commissioner of the Metropolitan Police, had wanted 3,800 immediately.

What one detects here, however, is not so much an argument about how to preserve law and order as a classic dispute about how to deal with pay and working conditions in the public sector.

Throughout the Thatcher years, and particularly after the riots on Merseyside and in London in 1981, there has been an attempt to pay more attention to "community policing." That means essentially relations between the police and the rest of the community and, in some areas, between the police and the ethnic minority communities.

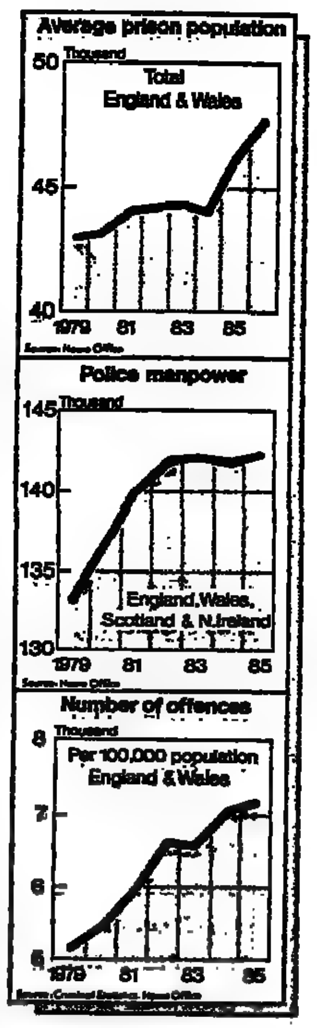
The concept is not new. The Royal Commission on the police in 1962 pointed out that apart from maintaining law and order and preventing crime, one of the objectives of the police force was to give help and friendship to those in need.

In his report on the Brixton riots of 1981 Lord Scarman wrote: "What I am anxious to see develop is a programme of action designed to reaffirm the position of the police as a respected part of the whole community, responsible to it, dependent on it and receiving its active support."

The Scarman prescription was broadly endorsed by both the Home Office and the police force, but has not proved easy to implement. Many blacks tend to think of the police as the enemy rather than as the protector. Mutual suspicion between the police and parts of the public is one of the great unsolved problems.

At the end of the day, the Government is probably sadder but wiser. Like almost everything else it promised, the fight against crime turned out to be rather more difficult than it thought and to take longer. Perhaps you just have to go on running to stay in the same place.

Tomorrow: Joe Rogaly on education.



A change of style not substance

FOR Mrs Thatcher, the process of government has turned upon a paradox. On the one hand, she has wanted to cut the Civil Service down to size, on the other she has been one of the most powerful wielders of prime ministerial power within Whitehall this century—in the class of Churchill and Lloyd George.

This unresolved tension between the anti-establishment enemy of bureaucracy and the upholder of the office of Prime Minister has not only led to uncharacteristically outspoken protests by defenders of the traditional order, notably retired permanent secretaries, it also lies at the heart of some of the great Whitehall dramas of the Thatcher years, such as the Westland helicopter issue and the Clive Ponting Falklands document leak.

In seeking a leaner Whitehall, Mrs Thatcher was following in the steps of her Tory predecessor Mr Edward Heath. She placed cash limits on public spending, which led to cutbacks in Civil Service numbers, froze recruitment to Whitehall and then set a target to cut numbers by 100,000 to 630,000 by April 1984. Despite protests, the target was achieved comfortably, partly through the transfer of some operations from the public to the private sector.

Alongside these overtly cost-cutting exercises, there has been a series of attempts to apply the methods of private business to the running of Whitehall. Sir Derek (later Lord) Rayner from Marks and Spencer and then Sir Robin Ibbs from ICI have run an "efficiency unit" whose scrutiny of departmental activities is still claimed to be producing annual savings of about £300m. However, a survey by the National Audit Office in April 1986 said less than half the proposed savings in government departments recommended by the efficiency unit had been adopted.

During his blue as Environment and then Defence Secretary (1983-1986) Mr Michael Heseltine contributed a second efficiency drive, the top management system (Minis), but this too met less than wholehearted approval. In his recent book, Where There's a Will, Mr Heseltine describes a presentation of Minis to colleagues chaired by the Prime Minister. "Any politician knows when he is losing his audience's attention," he writes "and I knew well enough. When I had done, there were few takers and absolutely no enthusiasts."

In spite of these setbacks monuments to Minis and Lord Rayner still stand in Whitehall: the Financial Management Initiative, launched in 1982, is being used to apply more sensible finance management criteria to decisions, and there has been a major effort (again private-sector led) to improve purchasing by setting up the Central Unit or Purchasing.

If Whitehall is divided on these aspects of the efficiency drive, it is united in its dislike for two other outcomes of the Thatcher years: the elimination of some deputy and under secretary posts resulting in the blocking of promotion prospects and restraint on Civil Service pay rises, which has highlighted the gap with the larger increases for comparable people in the private sector, particularly the City. One result was serious industrial disruption over pay in 1981-82, another has been a growing drain of more promising younger and middle-rank civil servants.

Disenchantment has been nourished by a sense among many civil servants that the Thatcher Government has been hostile to the public sector in general. In the 1985 BBC series The Thatcher Phenomenon, Sir Frank Cooper, the former Permanent Secretary at the Defence Ministry, said of the Prime Minister: "I'm not sure she dislikes civil servants in their own right. I don't believe she does. But I don't think that she regards them as a group of people who are contributing to the wealth of the nation."

For the most part, though, the ill-effects of these cost containment measures are complained of only within Whitehall. The way that Mrs Thatcher has run her Government has caused a new general unease.

In particular, she is charged with undermining conventions about the role of civil servants by "politicising" them. Retired civil servants and opposition politicians have argued that support for government policy has become a factor in promotion — a version of the "one of us" distinction alleged in her attitudes towards her Cabinet colleagues.

It is certainly true that Mrs Thatcher made distinctive appointments, tending to promote strong-minded officials who had either worked for her or who had impressed her during briefings. But this is not necessarily evidence of "politicisation." Some of the new appointees were probably not Conservative sympathisers, at least before 1979, and many were regarded even by colleagues as impossible to label in party political terms.

The issue was investigated by a working group of the Royal Institute of Public Administration, which last year cleared Mrs Thatcher of the accusation of "politicisation" but argued for more openness in the selection for top jobs if such rumours were not to flourish. The group which included the former Tory and Labour Cabinet ministers, Lord Barnett and Mr David Howell, "did not believe that these appointments and promotions are based on the candidate's support for or commitment to particular political ideologies or objectives."

Similarly, the First Division Association, representing the administrative group of civil servants, told the inquiry: "It is style rather than political belief which tends to be considered."

Yet there is no doubt that Mrs Thatcher has developed a highly personal style of government. Because she is a crusader and determined to get things done, she has tended to by-pass traditional channels. The full Cabinet has met less frequently and for shorter times than under previous Prime Ministers, like Mr James Callaghan, who thrashed out the discussions on the International Monetary Fund package of 1976 in a series of Cabinet sessions.

Mrs Thatcher prefers to use the Cabinet committee structure, or smaller informal groups of ministers, and at times officials and special advisers.

There is nothing necessarily wrong or novel in this. The extent to which the full Cabinet is brought into play depends on the personality of a particular Prime Minister and his or her relationship with senior colleagues. Mrs Thatcher happens to be a particularly dominant personality. She suffered defeats at the hands of her colleagues, particularly on spending decisions in her first term, so she avoids such clashes by informal consultations to resolve differences before they reach Cabinet.

This approach has both strengths the weaknesses. For instance the Franks report on the events leading up to the Argentinian invasion of the Falklands Islands in 1982 pointed to the absence of collective discussion in the preceeding 15 months despite warnings from the Foreign Office about the deteriorating situation. However, once the invasion occurred, Mrs Thatcher proved to be an effective war leader, with a small War Cabinet and highly efficient Whitehall machine.

However, her style can lead to problems, as was shown during the Westland affair. Her reluctance to allow full collective discussions of the rival approaches was, according to Mr Heseltine, a major reason for his resignation and dramatic walkout from the Cabinet in January 1986. He argued that Mrs Thatcher had cancelled a Cabinet committee called to give further discussion to his proposal for a European consortium to link-up with Westland and that his protest was removed from the Cabinet minutes. Mrs Thatcher's failure at an early stage to take the issue seriously enough and to allow collective discussion undoubtedly increased Mr Heseltine's isolation and sense of frustration.

Frustration has also been felt by some civil servants who objected to the orders being given by their political masters. This has led to a series of leaks and rows about secrecy with the civil servants involved—Miss Sara Tisdall and Mr Clive Ponting—arguing that ministers were breaking existing conventions. Mr Ponting maintained that ministers' explanations were misleading the Commons about the sinking of the Argentine cruiser, Belgrano, and this justified his leaking the papers to an MP. He was acquitted of a charge under the Official Secrets Act. The Ponting case and later secrecy rows increased the pressure for reform from opposition leaders and retired civil servants. However, the Government has refused to legislate until there is cross-party agreement following the dropping of a bill in late 1979 when it ran into widespread parliamentary opposition.

The Westland affair imposed strains on civil servants, particularly over the role of medium-rank officials in leaking a letter by the Solicitor-General affecting Mr Heseltine's position. The subsequent inquiry and row led to the resignation of Mr Leon Brittan as Trade and Industry Secretary. It also raised questions about how far civil servants should be implicated in such political actions and whether there should be a special code of behaviour and right of appeal over orders which they found breached accepted conventions.

When the subject was examined by the cross-party Treasury and Civil Service Committee of the Commons, it concluded that there should be a new Civil Service code of ethics. In addition, the committee reflected the views of many retired permanent secretaries in arguing for a return to the pre-1981 practice with a splitting of the jobs of Cabinet Secretary and head of the civil service, now held jointly by Sir Robert Armstrong.

Peter Riddell on Mrs Thatcher's quest for leaner and more dynamic government

Dr David Owen, the SDP leader, has accused Sir Robert of taking too political a role and has said ministers have used their departments in a partisan way to publicise Tory policy.

The report also went some way along the path recommended by the former head of Mrs Thatcher's policy unit, Sir John Hoskyns, in proposing an experiment in establishing a ministers' policy unit staffed by special advisers, civil servants and the parliamentary private secretary, though stopping short of a "cabinet" on the European model.

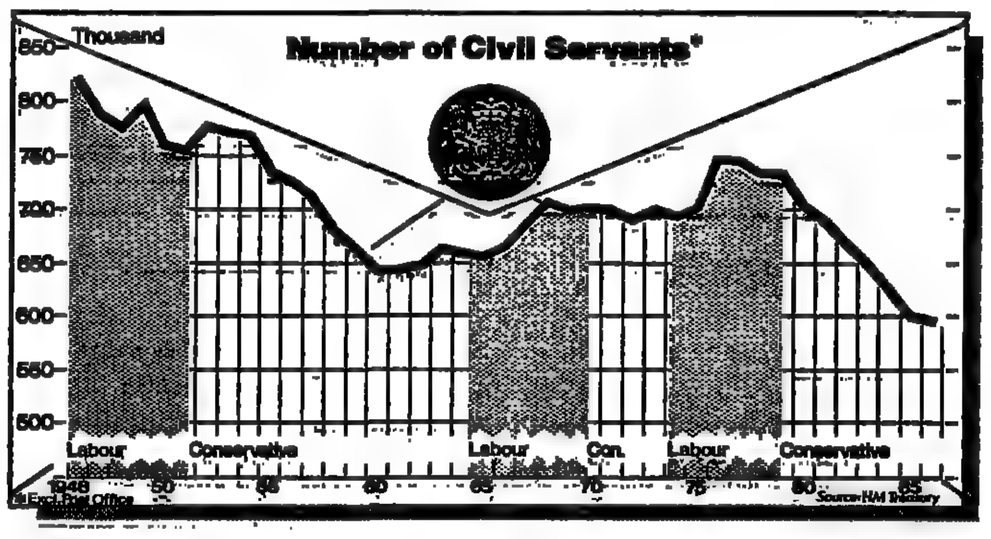
Mrs Thatcher has, however, been reluctant to refashion the machinery of government as much as Mr Wilson or Mr Edward Heath did. In 1979 she did merge the Department of Prices and Consumer Protection into the Department of Trade and after the 1983 election the Departments of Trade and Industry were remerged, minus shipping and aviation, which went to the Department of Transport. Following the appointment of Lord Young as Employment Secretary in 1985 there was a further shift in responsibilities for small firms and tourism to that portfolio from Trade and Industry. Lord Young has changed the role of the Employment Department away from its previous concentration on trade unions to encouraging enterprise and, via the Manpower Services Commission, training.

Otherwise, the main, and most characteristic change was the disbanding after the 1983 election of the Think Tank, or the Central Policy Review Staff as it was more formally known. Mrs Thatcher prefered advisers who produced ideas and detailed proposals in line with her broad preferences and instincts. She had expanded the Downing Street Policw Unit, partly as a progress chaser on privatisation, to keep her informed on issues of the moment and to supplement her informal network of free-market advisers and academics. The unit, totalling at most 10 people, has brought in people from the City and business as well as more specifically political advisers.

The conclusion then, must be that Mrs Thatcher's style in running Whitehall has been more striking than her changes of structure. The Civil Service may be smaller, more managerial and subject to stronger political leadership, but the landscape of Whitehall has not changed dramatically since 1979. There has been one, potentially significant move to increase the accountability of the executive, both ministers and civil servants, to parliament through the expansion of the select committee system, but the impact on policy has been modest.

Since we are speaking of style rather than substance Mrs Thatcher's approach to government may last only as long as she does. Sir Douglas Wass, Permanent Secretary to the Treasury until 1983, said in the BBC series The Thatcher Phenomenon: "The extent to which prime ministers behave like presidents and the extent to which they behave like chairman of committees varies almost randomly with the occupant of No 10. It's gone up and down over the course of history and I think it's quite possible we could revert to a chairman-type prime minister again."

The Thatcher Years will be republished in book form in early May. It will be available from newsagents, price £2.40, or by post for £3 from FT Business Information, Books Marketing, 102 Clerkenwell Road, London EC1M 5SA. Payment must accompany order.



INTERNATIONAL COMPANIES and FINANCE

Bernard Simon explains the cautious 'nautical' thinking of a Canadian bank chief

BNS stands back from the rush to merge

IN THE VOLATILE and uncertain world of international finance, Bank of Nova Scotia is setting out to show that a cautious approach may ultimately bring the richest rewards.

The fourth biggest Canadian bank—though the one with the heaviest international exposure—makes no apologies for sticking to a course which its critics deride as stodgy, but which its managers see as a solid commitment to banking prudence and quality of service.

Mr Cedric Ritchie, BNS's chairman and the longest-serving chief executive of a Canadian bank, uses a nautical metaphor (as he often does) to make his point: "You don't get too far offshore in case that sudden storm comes up," he says, adding that: "In banking you don't have a second chance."

Evidence of the bank's caution is not hard to find. BNS, also known as Scotiabank, has placed a growing proportion of its liquid assets in low-risk US and Canadian government securities, rather than in inter-bank deposits. Its generation of internal capital, mainly from retained earnings and loan loss provisions, was the highest of any Canadian bank last year. It is also one of North America's leading gold bullion dealers.

Unlike most other chief executives of Canada's big six banks, Mr Ritchie's annual report to shareholders last January dwelt on the growing risks of world banking, rather than the opportunities opening up as Canadian banks prepare to enter the domestic securities industry for the first time.

"The new-style global financial markets—wonderful as they are—aren't foolproof," Mr Ritchie warned in his report, adding that "there are plenty of traps for the unwary." He acknowledges in an interview that the shocks to the international banking system in the past decade have created a high level of uncertainty in BNS's own plans for the future.

Highly regarded within the bank but keeping a low profile in public, Mr Ritchie, 59, is also one of the few Canadian business leaders who has serious misgivings about Ottawa's current initiative to negotiate a sweeping free trade agreement with the US.

It remains to be seen whether the next generation of BNS managers breaks with tradition. The man who is gradually emerging as Mr Ritchie's successor, Mr Peter Godsoe, is an unknown quantity to many outside the bank. Mr Godsoe, 48, and currently the bank's vice-chairman, has had little opportunity under Mr Ritchie's strong leadership to show his true colours.

BNS's main strength is a *solid and diversified retail base.* Although its domestic assets are only 13 per cent of the total for Canadian banks, BNS claims a share of more than 20 per cent of the consumer loan market, mainly mortgages and car loans. Helped by strong consumer spending, BNS's assets have grown by 6.4 per cent in the past year, compared to the industry average of 3.3 per cent.

The bank has a relatively modest exposure of about C$2.5bn (US$1.9bn) to the depressed energy industry. It is the only one of the big Canadian banks with no outstanding loans to Dome Petroleum, the stricken Calgary oil and gas producer.

Mr Cedric Ritchie (left) and Mr Peter Godsoe: chief and probable successor

International business makes up 48 per cent of BNS's assets of C$65.3bn. Its retail operations *in the Caribbean, consisting of* branches on 20 islands, are among its most profitable activities. BNS, which was founded in Halifax, Nova Scotia in 1832, opened an office in Jamaica more than a decade before it had a presence in Toronto. Almost 5 per cent of earning assets are now in the Caribbean.

Last week it announced plans to seek a listing on the Tokyo Stock Exchange.

As might be expected, BNS's financial performance has been neither dazzling nor dismal. Its first-quarter return on assets of 0.54 per cent and return on equity of 12 per cent are about average for Canadian banks.

Although BNS's big retail base means that it earns relatively high interest rates on loans, it also pays out much more to depositors. Its interest *rate spread is below average.*

The basic tenets of BNS's philosophy are being tested by the rapid change taking place in financial markets. Mr Ritchie cites a strong push for US corporate business as proof that conservatism should not be equated with stodginess. The bank's US assets climbed from 15.8 per cent of the total in fiscal 1985 to 18 per cent last year.

BNS also surprised outsiders last November by becoming the first Canadian bank to enter the domestic corporate securities business. Using a loophole in the federal Bank Act and the liberal regulatory climate in Quebec, the bank set up a small dealer known as Scotia Securities.

Its pioneering move does not necessarily mean, however, that BNS will be in the big league of the Canadian securities industry once all curbs on banks' ownership of securities firms are scrapped on June 30.

Scotia Securities has a staff of fewer than a dozen and has so far stuck to taking small positions in new issues. Mr Ritchie expresses reservations about using the bank's extensive retail network to expand the placing power and trading volumes of its securities business. Selling shares through a branch might imply giving them the bank's stamp of approval, thereby running the risk of a loss of confidence later.

"Obviously we want to take advantage of the opportunities that are there, but it's a question of priorities," Mr Ritchie says.

BNS's priority for the past few years has been to deal with the problems of Third World debt and to gird its loins for any future shocks. The C$274m of new capital generated internally last year was double the level of 1983. The bank raised another C$197m from new share issues, bringing its ratio of base capital to gross assets up to 4.9 per cent last January 31, from 2.9 per cent at the end of fiscal 1982.

Toronto's rumour mill suggests that BNS may broaden Scotia Securities' horizons by taking a stake in a well-established investment dealer. But it would be out of character for the bank to thrust its way to the forefront of the merger and takeover rush expected after Canada's Big Bang on June 30.

End of an illusion costs Danish bank depositors dear

THE DANES have lost an illusion over the past few days. They have always assumed that no-one who deposited money with a Danish bank or savings bank would ever lose that money. They are having to think again.

The collapse of the small 6. Juli Bank, which suspended payments on March 23 on the orders of the Bank Inspectorate, has opened the eyes of depositors to the true situation.

On previous occasions when a bank has run into trouble the other banks, led by the big three Copenhagen banks, have either taken over the troubled institution or provided guarantees to keep it afloat until its affairs could be sorted out.

Top bankers have made clear on many occasions over the past 15 years that it was essential for the international reputation of the Danish banking system that depositors' money was seen to be completely safe.

This time, however, the other banks refused to come to the rescue, until under pressure from Mr Poul Schlüter, the Prime Minister, the Bankers' Association's members agreed to guarantee fully deposits of up to DKr 50,000 ($7,300) and to provide 80 per cent cover for deposits of between DKr 50,000 and DKr 100,000. They refused to provide guarantees for amounts over DKr 100,000.

Not only customers of 6. Juli Bank felt badly let down. The Financial Times has received calls from people who say they have no money at stake in the bank but have expressed outrage at the attitude of the Bankers' Association in general and the big banks in particular.

The association, however, feels that in the case of 6. Juli Bank their shareholders have no obligation whatsoever to cover the losses which the bank has made.

The association was widely criticised, not least by opposition politicians, for failing to guarantee all depositors all their money, to which the association's chairman, Mr Bendt Hansen, chief executive of Copenhagen Handelsbank, replied:

"Instead of criticising our offer to the depositors, the politicians and other responsible people should focus on the state of affairs at 6. Juli Bank and get a grip on the people whose actions have caused depositors their losses. They are the ones who must be held responsible, not us."

Mr Tage Andersen, chief executive at Danske Bank, the country's biggest bank, was even more outspoken, using words such as "greedy," "spineless," and "unprofessional" about 6. Juli Bank.

The 6. Juli Bank was set up in 1974, one of the first of several "niche" banks to open in the 1970s. By keeping its costs low, it was able to offer high yields on deposits. By the end of last year it had built up total assets of DKr 1.5bn and equity capital of DKr 94m.

Meanwhile, an association of depositors has been formed and is trying to ensure, partly by converting deposits into equity capital, that the bank can be reopened under new ownership and with new management.

Hilary Barnes

Taking the time to make quality count

Peter Marsh looks at how the introduction of computer-aided design has paid off for Otter Controls

"ANY TIME savings you can make during design can be used to increase quality. And on world markets, quality is all important."

That is the rationale of Mr Malcolm Blackburn, managing director of Otter Controls, for his company's £350,000 investment in computer-aided design (CAD). Otter manufactures thermostats, and exports half of its production.

Its spending on CAD, made over the past three years, appears to be paying off. For a recent new product, a thermostat for a kettle, Otter reduced the time between design and the manufacture of prototypes from 18 months to a year.

In this shorter time, the company created 140 drawings describing the product, three times as many as would have been the case in the old days when parts were drawn on paper.

The extra information has helped to raise quality. For instance, parts are more likely to fit together exactly during assembly, and reliability of products is higher.

By increasing the precision of design, Otter, which employs 750 people and has annual sales of £13m, has also reduced manufacturing costs by about 50 per cent over the past seven years.

Otter's involvement with computer techniques shows how even a small company, by investing in modern technology, can forge a leading position in markets which, by most people's standards, are hardly high-tech.

The company's thermostats, used mainly as safety cut-out devices, are made from bits of plastic and metal and typically cost about £1.50 each. They are sold by the thousand to manufacturers of domestic appliances and to companies making the electric motors used to power automotive products such as windscreen wipers.

Otter, based in Buxton, Derbyshire, sells to well-known names such as Electrolux and Volvo of Sweden, Siemens of West Germany, Delco Products of the US and Japan's Mitsuba Electric, a car components concern which supplies Nissan, Toyota and Honda. UK-based customers for the Derbyshire company's products include Swan House Wares, Kenwood and Hotpoint.

Competition in the industry is tough, especially in the car components side of sensors. Other manufacturers of similar devices include Texas Instruments and GTE of the US, Microtherm of West Germany, Japan's Yuchiya, and Strix, a UK company based on the Isle of Man.

In the thermostats business, Otter appears to have a good reputation. One UK customer says: "It is what I would call an academic company. It is profit oriented but very keen on research and development."

Otter, set up in 1946, operates in predominantly rural sites around Britain. Apart from the main factory in Buxton, which is in the heart of the Peak District, the company has smaller plants in St Davids and Montgomery in Wales and Inverness in Scotland.

It is non-unionised. This is not out of any deliberate policy, says Mr Blackburn, who has been at Otter for 22 years, previously as technical director, but because "our staff have never pressed for unions to represent them."

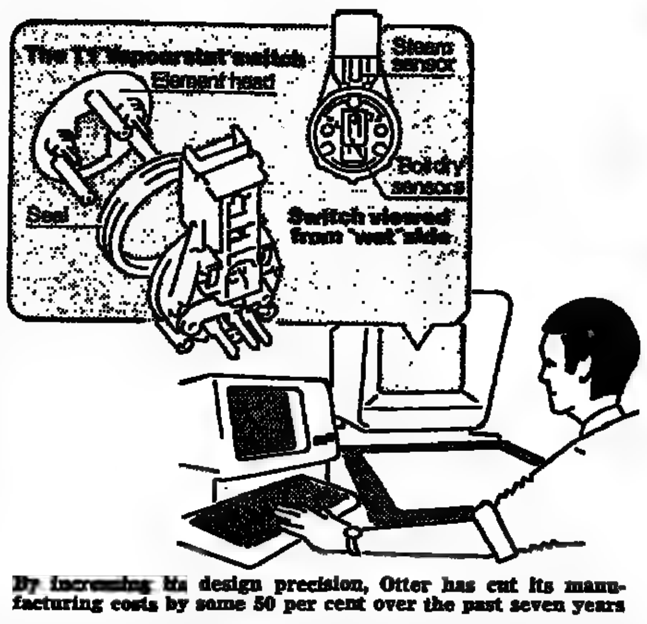
Otter's involvement with computer-aided design started four years ago. Mr Bob O'Neill, product engineering manager, evaluated a range of computer systems, largely out of a desire to improve the efficiency of the company's drawing office.

Aided by engineers at the University of Manchester Institute of Science and Technology (UMIST), which set up a joint project to work with Otter, Mr O'Neill chose a system produced by Ferranti's computer-aided design subsidiary. The person now in charge of the system at Otter is Mr Fred Bachelor, who previously worked at UMIST on this project.

The design equipment is centred on four DEC computers and uses solid-modelling software produced by Shape Data, a Cambridge company which is owned by Evans and Sutherland of the US.

A standard Otter thermostat contains about 30 parts, made of metal or moulded plastic. These are largely snapped together in assembly, using machines that Otter developed itself. All the sensors are based on bimetallic strips — bought from outside suppliers—which react to temperature by bending, so making or breaking an electric contract.

Virtually the entire output of Otter's design office, of roughly 700 drawings a year, is now accomplished using the computers. The higher productivity the system makes possible has not made anyone redundant. In fact, since 1983, Otter has taken on two more designers to add to the existing six—a result of demand for drawings from the rest of the company having increased.



By increasing its design precision, Otter has cut its manufacturing costs by some 50 per cent over the past seven years

With the software, designers can create shapes in three dimensions on a computer screen, testing whether the components will fit into the small space left for them inside a product such as a kettle or a motor.

The computer simulation also helps to devise ways of manufacturing the sensors in the most efficient way. In some cases, software emanating from the design system can be used to program the computerised machines that shape the pieces of metal required for the thermostats and also the tooling needed to mould plastic components.

Notre Dame and the Arc de Triomphe a la carte

By Geoffrey Charlish

IN PARIS, where the buses and metro use a flat fare system, passengers might soon be using the "smart" card for payment.

Regie Autonome des Transports Parisiens (RATP) has developed a system in which a card containing a memory chip is bought for about 50 francs and is inserted into a roadside terminal each time a bus is boarded. The card remembers all the journeys and their times and at the end of the card's life (a month, quarter or a year), it is plugged into a special reader which will display the cash to be paid to an attendant. Alternatively, the card owner's bank account can be directly debited. The holder is then given a 50 franc refund.

Apart from avoiding per-journey cash transactions, the system will allow RATP to monitor route use and allow discounts for off-peak and regular journeys.

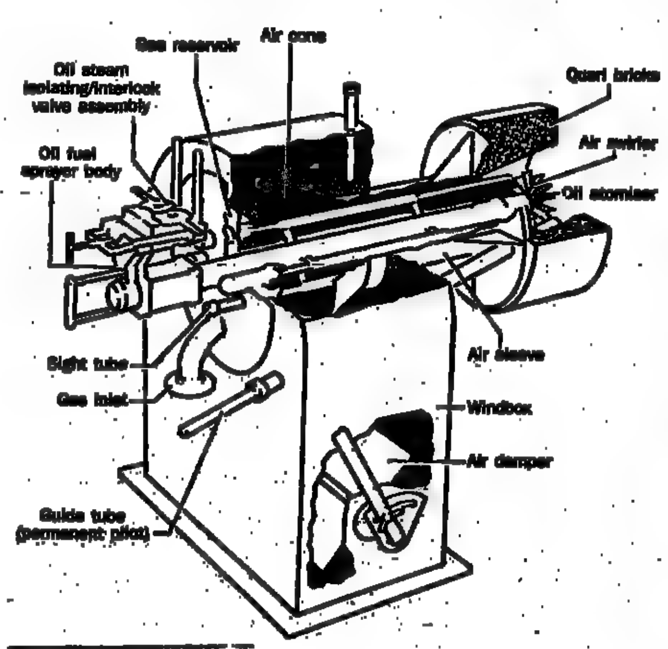
Balloon goes up over heat losses

Wimpey, the major UK building and construction group, is offering an airborne thermographic survey service that will allow heat loss from roofs and walls of buildings to be photographed.

An infra-red scanning camera is sent up in a balloon and can remain aloft indefinitely to give a series of pictures that show how heat is escaping from a building over a period of time. Images are sent over a cable to be viewed on the ground, and can be videotaped for analysis.

Where environmental standards have been turned into a burning issue

Maurice Samuelson examines the methods used by Airoil-Flaregas in the drive to cut pollution from oil and petrochemical plants



Axiflo 6000 from Airoil-Flaregas: Higher temperatures can be achieved by forcing air into the furnace

TIGHTENING environmental standards are steadily increasing costs of such notoriously "dirty" installations as power stations, chemical works and refineries.

But the trend is good news to the companies with the technology to meet these ever rising standards. In coal-fired power stations, changing the arrangement of burners in furnaces alters the nature of the flame, so as to reduce the amount of nitrous oxide discharged into the atmosphere. This work is usually carried out by the main power plant companies. At Fiddler's Ferry, Merseyside, for example, an experiment with "low Nox" burners is in the hands of Northern Engineering Industries, UK-based power plant construction group.

Many of the industrial burners for oil and gas, however, are supplied by smaller specialist companies, such as Airoil-Flaregas, a privately-owned British company, which designs and makes burners and flarestacks mainly for the oil and petrochemicals industries.

Operating in a world market worth £60m-£70m a year, it has an annual turnover of about £10m, 70 per cent of which is earned overseas. It says "hundreds" of refineries, power stations and other installations, mostly in Europe and the Third World, have been fitted with its equipment.

Based at West Drayton, near Heathrow Airport, Airoil is one of a handful of companies which claim a world lead in this field. Its 160 employees are divided evenly between design engineers, manufacturing personnel and office staff. It also has offices in Paris, Milan, Madrid, Bonn and Bombay.

Its leading competitors are John Zink, part of the US Allegheny group, which has most of the American market, and another British company, Hamworthy Combustion, a subsidiary of Powell Duffryn.

Until about 18 months ago, sales of industrial burners had been depressed by the effects of recession and falling oil consumption. But Airoil-Flaregas says that an increasing proportion of orders come from customers under pressure to clean up plant emissions.

Mr Douglas Harckham, marketing director, says that 60 per cent of new business consists of retrofitting plants with more efficient and cleaner equipment, and that over the next two years the company's sales are likely to grow by 20 per cent. Its best markets are likely to be West Germany and the Netherlands, Europe's most environmentally sensitive countries.

In Europe, Airoil was chosen to supply £750,000 worth of burners for the new Fl 800m (£243m) hydro-cracker at the Total Oil refinery at Vlissingen, Holland, where emissions of gases and particulates (bits of dust) are monitored daily. The hydro-cracker produces refined products from the 2.5m tonnes a year of heavy oil left behind from the 7m tonnes of crude oil processed by the refinery proper. Airoil's contracts to supply equipment also included the burner on the plant's 130 metres-high emergency flarestack.

The burners had to be approved by local and national government officials and they will be put to a further test if, as appears possible, Holland's permitted emission levels are halved.

One of the main requirements of these burners is that they should simultaneously reduce emissions of nitrous oxide (nox) and of particulates. Low nox burners work best at lower temperatures and with a slower air intake. But reduction of particulate emissions requires the reverse conditions.

Airoil's success owes much to a breakthrough in burner technology in the late 1970s, which accelerated a transition from natural draught burners to those using a forced draught of air.

In the former, air is sucked naturally into the furnace. But higher temperatures can be achieved by forcing the air into the furnace through a "wind box." The higher air velocity allows for greater control over the size and quality of the flame.

Refineries and petrochemical plants traditionally used natural draught but in recent years they have moved to forced draught firing to obtain higher efficiency and reduce the size of furnaces. The need for these techniques has become all the greater to cut emission levels, which are largely determined by the quality of furnace flames.

In Britain, the techniques were developed by Commander Reginald Cooper, a former Royal Navy engineer responsible for developing modern oil burners on steam-powered warships. On retirement, he developed burners for other vessels and—when the oil price collapsed — for oil-fired power stations and utility boilers.

About 30 years ago he founded Associated British Combustion which in the early 1970s became part of the US-owned CEA Combustion and in 1982 was acquired by Airoil-Flaregas, a manufacturer of natural draught burners, the chairman of which is Mr Digby Burnell.

South Africa

Building on an historical base for enterprise

BY ANTHONY ROBINSON

SANDWICHED between the Putco Bus Depot, with its lines of burnt-out buses bearing mute witness to months of pre-emergency township violence, and Soweto itself lies an abandoned factory which has been converted into the Small Business Entrepreneurship and Training Centre.

Inside, 114 budding entrepreneurs of all races and 350 formerly unemployed workers, mainly black and coloured, are welding security gates, making toys, building coffins, constructing hovercraft, making furniture, printing pamphlets and sewing clothes. Many of them, like young Tsubane, a carpenter who lost his job in 1982 and who makes toy tricycles, were attracted by advertisements in the Sowetan newspaper which is aimed at a black readership. It carries advertisements from the Small Business Development Corporation (SBDC) offering artisans the chance to become their own boss for five rand (£1.80) a day, including workshop rent, basic tools and professional advice.

A similar centre, appropriately named "The hive of industry" has been set up in one of the many abandoned factories in Port Elizabeth, the main city of the deeply depressed Eastern Cape region. Both are tangible evidence of a long-delayed but growing awareness that the active encouragement of small business enterprise provides the only realistic hope of making inroads into the estimated 4m strong army of black unemployed and additional jobs for the 300,000 who come on to the labour market every year.

For decades apartheid outlawed black entrepreneurship, making blacks into a landless, propertyless proletariat and prevented the development of black townships into anything more dynamic than dormitory reservoirs of cheap labour for whites.

Even white entrepreneurship was stymied by a bureaucratic jungle of control boards, licences, and elaborate building, safety and other standards, appropriate perhaps for a developed economy but not for the first world-third world mix which is South Africa.

Only in 1979 did the then Prime Minister P. W. Botha signal a sea-change in government policy in favour of the encouragement of small business. He set up the small business development corporation as a joint venture between state and public capital, to be managed along private enterprise, profit-oriented lines. This has been followed by a series of apartheid "reforms"—including the restoration of black property rights (in townships), the throwing open of most central business districts to traders of all races and the green light for black urban development, including industrial and commercial development in the townships.

But the full political implications of decades of active discrimination against small and especially black entrepreneurship only came to the fore over the last three years of violent protest. Deprived of property, dignity and profit, many blacks have come to equate capitalism with apartheid. Increasingly politicised black unions, like the National Union of Mineworkers, have committed themselves not only to the abolition of apartheid and white rule but to the creation of a socialist state. It is an uphill battle to persuade them that what they have been suffering from is not an excess of capitalism but an excess of Afrikaner national socialism—the use of state power to protect and enrich those who wield it.

The continuing existence of apartheid laws like the Group Areas Act and the pre-apartheid 1913 Land Act, which restricts black land ownership to the 13 per cent of the territory roughly co-terminous with the 10 homelands, has inevitably created the impression that blacks lack entrepreneurial skills and drive.

Ben Vosloo: a solid track record of independent thinking

Historical evidence points to considerable farming, trading and nascent industrial skills among blacks before such enterprise was effectively banned. The existence of over 4,000 illegal, black-owned shebeens or bars in Soweto alone and at least 100,000 black-owned businesses, including small manufacturers, is also partial evidence of the potential for growth in the small business sector in a de-regulated environment.

The number of inquiries and loan requests flowing into the three regional and 15 local information offices of the SBDC have risen sharply over the last six months as the state of emergency, detention of over 20,000 black activists—and disillusion or tiredness after months of danger and violence—has restored a semblance of "normality" to the townships.

In the third quarter of 1986 alone the SBDC received nearly 50,000 inquiries, its waiting rooms are full of applicants and around R180m in low interest loans will be granted this year, compared with R102m in 1986 and only R27m in 1985. But cheap loans, including the no-frills mini-loans of up to R5,000, the bridging loans for small builders, and more sophisticated comprehensive or general finance loans up to R300,000 are only part of SBDC's extensive workshop facilities and services which have helped to create or maintain over 185,000 jobs.

The first results of this entrepreneurship drive are already visible in the changing face of South Africa's formerly bleak, shop and facility-deprived townships.

Manasse Shole, who left IBM in 1974 to work as a sales rep for South African Breweries, now sits beside his IBM PC in his Soweto liquor wholesalers business. He already employs 18 people in his warehouse in the Orlando West industrial park built by the SBDC and plans to use Soweto as the base for expansion in other townships across the country. Every day the corporation receives 20 inquiries for business premises in Soweto alone.

Chris Xhosa, a former SBDC employee, now runs his own business from a new SBDC-financed and built office block in Soweto. He collects debts and repayments for the corporation but also provides secretarial and other services to the local business community.

Sixty miles away, in the township of Soshanguve, north of Pretoria, the SBDC advice office is staffed entirely by black loan and advice officers. Like most middle class professional blacks they are aware of the political dimension of their job and apprehensive about the risks of being perceived as part of the hated "system." But Exrom Thaoge, a recently appointed business adviser and auditor by training, is adamant. "As long as blacks are economically disadvantaged we will have no basis for negotiations with whites. We are not defending apartheid but trying to create the circumstances where the system can be changed. Black businessmen are the real revolutionaries. It's useless to call for revolution without being able to manage it."

An inspired choice

NOBODY was more surprised than Ben Vosloo when he received a telephone call from Dr Anton Rupert, founder of the Stellenbosch-based Rembrandt tobacco and alcohol group and doyen of Afrikaner entrepreneurs, asking him to take on the responsibility of building up the Small Business Development Corporation (SBDC). The decision to encourage small business in this way was the main fruit of the Prime Minister P. W. Botha's first meeting with businessmen at Johannesburg's Carlton Hotel in 1979. Rupert was the driving force behind the concept.

Why choose this self-effacing 54-year-old Stellenbosch University Professor with a passion for constitutional theory, a solid track-record of independent thinking in various government commissions of enquiry but no experience of business? "I could hardly read a balance sheet," Vosloo admits.

Balance sheet or not, Vosloo, son of an Afrikaner cattle trader from Natal who speaks fluent Zulu, and who spent three years at Cornell University in the US with his friend Denis Worrall, former ambassador to Britain and now an independent candidate in the forthcoming elections, has proved an inspired choice.

In five short years he has created an institution with 600 highly motivated staff and advisers which has been instrumental in creating or preserving 135,400 jobs and which in 1987 expects to provide loans totalling R180m (£55.5m) to 6,800 budding entrepreneurs, half of them black.

Unlike many other Afrikaners in his position Vosloo is neither a member of the Broederbond secret society or the National Party. He sees Afrikaners as being divided between those he describes as the "clique-joiners" and the independents. He places himself among the latter, an attitude which has not only made his a creative dissenting voice on constitutional issues, and caused conflict with the current constitutional development minister, Chris Heunis, but also led to his disinheritance 25 years ago.

He outraged his father and stirred up a scandal by inviting Chief Albert Luthuli, Nobel Prize-winning leader of the African National Congress to address an Afrikaner think-tank of which he was a founder member.

It is precisely this independent streak which makes Vosloo determined to maintain the independence and private - enterprise, profit-oriented nature of a corporation which receives 50 per cent of its funding from government, but appoints 75 per cent of its board members from the private sector.

While prodding the Government to abolish the Group Areas Act and other apartheid laws (and implement its commitment to deregulation and privatisation) Vosloo is also critical of the oligopolistic nature of South African big business. At the risk of biting both hands which feed the SBDC, Vosloo believes that both government and the private sector have created huge obstacles to the development of entrepreneurial talent, which he sees as the only solution to the country's economic and political problems.

"Not only South Africa but the whole of the capitalist world is suffering from too few entrepreneurs and too many corporate managers." The problem, he adds, is exacerbated by the over-emphasis on contractual savings and the creation of huge capital flows into pension funds, insurance companies and other institutions which, instead of lending to entrepreneurs, are obliged to make only safe investments.

The whole question of increasing the efficiency of capital has been dramatised by the financial sanctions imposed on South Africa. "South Africa is not quite self-sufficient in capital. But if capital were channelled into small businesses and entrepreneurs we would have the resource base and the infrastructure really to take off," he argues.

What is more important, a take-off which absorbed black unemployment and brought blacks into the system as creators and sharers of wealth would, he believes, be a vital contribution to changing the present equation of apartheid with capitalism in the minds of black radicals. Convinced that the black majority will acquire real political power within five to 10 years, Vosloo argues that negotiations over the sharing of political power must be accompanied by the involvement of blacks in the creation and sharing of wealth. Promoting their involvement in small businesses he sees as an essential part of this process.

Where to find some 'off-the-peg' ideas

BY STEPHEN HALLIDAY

IN HIS PREVIOUS article (March 26) on how to identify small business ideas, Stephen Halliday drew attention to the features of certain markets which make them particularly suitable for setting up an enterprise. He now looks at an alternative route, identifying some organisations in the UK, France and the US which offer ready-made business ideas "off the peg."

IN THE UK, one publication which offers a good number of propositions is the Business Opportunities Digest, published by Chartsearch Publications in association with the "Institute or Small Business"—which happens to belong to Chartsearch.

Published monthly, at an annual subscription of £59.50, with an introductory offer at £39.50 for the first year, each issue comprises 16 A4 pages and is written in a lively style which is easy to follow. Besides a number of editorial features it includes about 25 business ideas, each described in about 200 words.

These range from such activities as an organisation providing gourmet dinners for single people to the more exotic, such as the manufacture of hand-crafted boomerangs.

The services of Christchurch Publications—which is based at 11 Broomfield Street, London, EC2—are frequently advertised in the national press, but it is hard to judge the value of digest ideas without seeing them in action. It would also be difficult to agree with the claim, featured prominently in its publicity, that the digest's case histories are "more valuable to you than market research."

Most books on starting a business are chiefly concerned with the mechanics of start-ups and assume that the reader has a clear idea of what his or her business will be. However, Working at Home for Profit, by Godfrey Golzen (Kogan Page), contains about 60 pages of ideas on a variety of occupations.

Two books from the Consumers' Association called Starting Your Own Business and Earning Money at Home also contain useful sections on finding an idea.

Beware of books whose publicity makes extravagant claims—they are sometimes so trite that they defy burlesque. One example of this category contains less than 100 pages of text and costs £12.50. Much of the content is devoted to naive exhortation and extravagant claims.

In the US the leading magazine in the field is The Entrepreneur, published monthly at an annual subscription of $24.50 from 2311 Pontius Avenue, Los Angeles, California, 90064. It runs to well over 100 pages, of which about 40 are devoted to advertisements, many of them for distributorships and franchises.

The editorial matter includes an Opportunity of the Month, which examines a business opportunity (for example, the restaurant business) in some depth. Sections on franchising and new ideas are included.

The euphoric style of some of the advertisements (Money Grows on Trees" and, even more confident, "Money does grow on trees") can be disconcerting. Nevertheless, The Entrepreneur contains a lot of information and advice and short descriptions of ideas for businesses, some of which could no doubt transfer successfully to the UK.

In France, Editions Selz, of 1 Place du Lycée, BP 266, 68005 Colmar Cedex, publishes a magazine called Idées Lucratives every two months at an annual subscription of 690 francs. A typical edition runs to about 100 pages and includes large sections on new ideas—two of which are examined in depth.

One example is a 25-page article describing a service for clearing offices of static electricity which would affect sensitive equipment like computers.

Similar articles describe how to set up a vegetarian restaurant and how to set up a market research agency. The articles are not naively optimistic; they draw attention to problems as well as opportunities in each venture. About 80 back-numbers of these feature articles are available. A current list of them is available from Editions Selz.

Stephen Halliday is senior lecturer in small business operations at Buckinghamshire College of Higher Education and author of "Which Business? How to Find the Right Idea for Starting Up" published by Kogan Page at £5.95, on which the above article is based.

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FT LAW REPORTS

US restraint does not stop injunction

FELIXSTOWE DOCK & RAILWAY CO v UNITED STATES LINES INC

FREIGHTLINERS LTD v UNITED STATES LINES INC

Queen's Bench Division (Commercial Court): Mr Justice Hirst: March 12 1987

A US court order restraining litigation by creditors of a US company pending its reorganisation does not prevent the English court from freezing the company's UK assets in ancillary English proceedings if irreparable harm would be done to UK creditors were the assets removed from the country, and if it appears unlikely that in a reverse situation the US court would vacate local claims in favour of the English court.

Mr Justice Hirst so held when refusing applications by United States Lines Inc (USL) to discharge injunctions freezing its UK assets obtained by the plaintiffs in three actions. Felixstowe Dock & Railway Co (FDR), Freightliners Ltd (FL) and Europe Container Terminus BV (ECT).

HIS LORDSHIP said that USL carried on worldwide shipping business. It was incorporated in the US. In 1984 it encountered financial difficulties and petitioned the US bankruptcy Court for reorganisation under Chapter 11 of the US Federal Bankruptcy Code.

Chapter 11 provided procedure for placing a financially distressed company under court protection, so that it could attempt to reorganise its financial condition and pay its obligations.

The debtor continued to operate the business as a "debtor in possession," with the same duties and powers as a trustee. The scope of bankruptcy and reorganisation extended beyond the US and the nature of the jurisdiction was *in rem*. If the debtor was liquidated the proceeds were distributed rateably: if it was to be reorganised creditors were paid pursuant to a plan.

On commencement of a bankruptcy or reorganisation all creditors were restrained from commencing judicial action to enforce their claims.

On November 24, 1986 Judge Howard C. Buschman made a restraining order that "all persons . . . including those outside the US . . . are hereby . . . restrained . . . from (1) commencing . . . Judicial action . . . against . . . the debtors . . . (5) any act to . . . exercise control over property of the debtors . . . within or outside the US. . . ."

The Chapter 11 petition showed US assets totalling $1.25bn and liabilities totalling $1.27bn. Liabilities in England amounted to £2.4m and assets to £720,000. Under the reorganisation USL intended to down the English and European operations and to concentrate its activities in North America.

FDR was a statutory body responsible for the dock and railway at Felixstowe. It claimed £367,922 against USL for unpaid charges. FL was a container company based in London. It claimed £236,717 for unpaid charges. ECT was registered in the Netherlands and provided stevedoring facilities. It claimed £1.6m in English proceedings.

After the Chapter 11 restraining order was made the plaintiffs obtained Mareva injunctions in the UK restraining USL from removing its assets from the jurisdiction. In the present proceedings USL applied to set the injunctions aside on the ground of international comity. It was said that retention of the assets in the UK would prevent their administration under the Chapter 11 scheme.

The application was resisted on the ground that the injunctions were ancillary to claims properly brought in the UK.

USL also argued that by virtue of the restraining order it had ceased to be beneficial owner of its property and the property was no longer amenable to the Mareva jurisdiction.

The theory that Chapter 11 proceedings divested a company of beneficial ownership so that it became a "new entity" was rejected by the US Supreme Court in *Bildisco (1984) 465 US 513*. USL therefore remained in beneficial ownership of its assets and the jurisdiction point failed. The case turned on the question of comity and discretion.

In exercising its discretion to grant a Mareva injunction it was incumbent on the court to take into account all the relevant circumstances. The US Chapter 11 procedure was a very important, but not an overriding consideration. The court must weigh up the parties' competing assertions as to the prejudice that would follow from continuance or discharge of the injunctions (see *American Cyanamid [1975] AC 396*).

Mr Brice for USL submitted that the Mareva injunction was not to be used as a mechanism to undermine the effect of the Chapter 11 order.

In *Travers v Holley [1953] P 246, 257*, Lord Justice Hodson said: "It would be inconsistent with comity if the courts of this country were to refuse to recognise a jurisdiction which *mutatis mutandis* they claim for themselves." In *Trepca Mines [1961] 1 WLR 1273* he said that *Travers* was limited to a judgment *in rem* affecting matrimonial status.

This was not a *Travers v Holley* case. Chapter 11 could not be treated as affecting the status of USL, having regard to the US Supreme Court's rejection of the "new entity" theory. The restraining order was essentially an order *in personam*, though the nature of US bankruptcy jurisdiction generally was *in rem*.

The court would always wish to co-operate with an order made by a court in a friendly jurisdiction, but the nature and extent of such co-operation must depend on the sphere of activity in question and the applicable English law, together with overall circumstances.

English authorities relating to bankruptcy procedure showed that it was the practice to regard the courts of the country of incorporation of a company as the principal forum for controlling winding-up; but that in so far as the company had assets in the UK, the usual practice was to carry out an ancillary winding-up in England in accordance with English law, while working in harmony with the foreign court.

In *Cunard (1985) AB773 Fed R 2S 452* the US District Court vacated an attachment of the US assets of a Swedish company, in the exercise of comity, to the Swedish courts. In *Victrix 1987 ANC 276* it was said, with regard to attachment of US assets in English proceedings, a US proceeding in the Bankruptcy Court "would be the preferable forum . . . however it is not the exclusive forum."

Mr Brice relied on the reference to comity in *Cunard* and submitted that the present Court should reciprocate in the same vein.

But the decisions in *Cunard* and *Victrix* were the exception rather than the rule. The relevant US authorities on comity in bankruptcy procedure showed (i) that ancillary proceedings in US courts were normally preferred to simply handing over the whole matter, including assets, to the foreign court which was conducting the principal bankruptcy proceedings; and (ii) that comity, though important was only one of six important considerations [(1) just treatment of claimants; (2) protection of claimants; (3) prevention of preferential or fraudulent dispositions; (4) distribution of proceeds; (5) comity; (6) opportunity for fresh start — (see section 304 US Bankruptcy Code)].

It followed that if a reverse situation were to arise in the US it was doubtful whether the US would discard the "preferred solution" in its own Bankruptcy Court in favour of the solution reached in *Cunard and Victrix*.

The court's task was to balance all relevant factors. Normal English procedure was for any winding-up proceedings to be conducted in the UK, ancillary to the principal US proceedings. USL would suffer no material prejudice if the Mareva injunctions continued since the assets would remain safely in the UK and there was no prospect of their being distributed without the intervention of ancillary winding-up proceedings.

Once it was conceded that England was the appropriate forum for resolution of the claims themselves, any objection in principle to the acknowledged *forum conveniens* continuing a conventional ancillary order seemed extremely weak.

On the other hand, if the Mareva injunctions were discharged, the plaintiffs would suffer considerable prejudice. The funds would be used to keep USL alive as a going concern in a manner from which the plaintiffs could not possibly derive any benefit, because of USL's withdrawal from Europe.

USL would suffer no prejudice if the Mareva injunctions were continued, whereas the plaintiffs would suffer irreparable prejudice if they were not. The overall balance of convenience strongly favoured their continuance.

For FDR: David Steel QC and Charles Haddon-Cave (Simon K. Osborne).

For FL: William Norris (Westthorp Ward & Catchpole).

For ECT: Jonathan Harvie (Norton Rose Botterell & Roche).

For USL: Geoffrey Brice QC and Nigel Meeson (Hill Dickinson & Co).

By Rachel Davies
Barrister

THE ARTS

London Galleries/William Packer

Mysterious happenings in the acid bath

With all the fun and fuss that attaches to such grander things as the opening of the Clore Gallery for the Turner Bequest at the Tate, or the Royal Academy's major Spring exhibition *From Byzantium to El Greco* at Burlington House, it is easy enough to forget that London's gallery round continues at its normal, modest, distinguished pace, much as usual.

There is, as always, much to be seen that is intriguing, stimulating, first-rate. And yet, as always, the smaller galleries and the more specialised dealers are easiest of all to overlook.

Christopher Mendez, at 58 Jermyn St SW1, is a dealer in old master prints who from time to time fills his tiny gallery with the work of contemporary print-makers. Peter Freeth, the current incumbent (until April 16), is an etcher who, over the last 15 years or so, has been developing and refining a process of aquatint that is as idiosyncratic as it is complicated and mysterious in its effects.

Freeth admits that he stumbled upon the technique by chance and carried on with it in something of the same spirit, rather by trial and error. He tells us a little of what he does and does not do: "... there is no stopping out, no progressive biting. The whole image is first painted, transferred to a 'negative' plate ... etched, printed and reversed onto a second plate. The image is itself made of resin of varying thickness, and bitten in one go, whites, greys and blacks together—the acid etching most where the resin is thinnest, ... Just what is going on in the acid bath? You never quite know ..."

Such technicalities, given so clearly and with such disarming simplicity, serve only to deepen the mystery and the magic of it all, just like the true advice of any great cook or gardener, to add just a pinch of salt or make a small hole.

"Portrait of Bruce Marcus" by Craigie Aitchison

For the magic of the print, quite as much for the artist as for us, is that by the mediation of plate and press an image appears that he has contrived well enough, but has been achieved at a remove—as it were not altogether under his own hand. And here the case would seem to be of the image not once but twice or even three times removed, and the artist's expectation incrementally qualified by surprise. He lights the blue touch-paper and stands well clear.

The images that result are extraordinary, at once very beautiful and yet impalpable—strange, shadowy, ambiguous things. The earlier prints, dating from the late 1970s, are simply images of inscriptions as though cut in Roman figures, that carry the clear thought if not the literal reference to ancient, fragmentary memorials. "How doth the city sit solitary," reads one of them, and with its fellows it sets the tone of melancholy, resigned detachment and sense of loss at the passing of time and the mutability of all things that pervades the whole exhibition.

Other images are of what might be figures and fragments of ancient statuary; more recent are the large, all but featureless and skull-like heads—*memento mori*. Most recent of all are the faint, allusive cityscapes, clusters of skyscrapers that might yet be crumbling, like the city of Ozymandias, into the lone and level sands. But they also suggest that Freeth might now be turning his gently melancholic vision to more immediate reference. All his work haunts the imagination.

★

The new and welcome Albemarle Gallery, in Albemarle Street W1, after making its debut with a mixed show, now opens its one-man account with an exhibition of recent paintings by Craigie Aitchison (until May 1). It is easy to add Aitchison to the never-ending list of eccentirc British artists and thereby to enjoy him safely without taking him seriously. To take him furthermore as yet another eccentirc primitive, *faux* or *vrai*, would be no less easy but twice as foolish.

Aitchison is an artist of exquisite sophistication, who chooses to refine his work to the utmost simplicity that is yet consonant with the richness of effect and poignancy of emotional and spiritual association that he desires. Though some of the paintings are large enough, rather more are tiny, and it is on the smaller scale that his work is the stronger, for its evident concentration of intention and simplicity of means.

He is also that rare creature in our time, a painter formed by the influences and formal ambitions of modernism who works upon openly religious themes without sentimentality or self-consciousness. The tiny crucifixions he paints are authentic icons, quite as much focuses of devotion as of formal interest, and if his larger essays on the subject are less successful, it is only because his close tones and saturated colours cannot be sustained at quite the same pitch across the larger canvas.

He is a miniaturist of sorts, his work jewel-like and of a peculiar intensity. And it is work that seems oddly to lose none of its religious or devotional qualities when it moves away from religious imagery as such, which is the greater part of it. Small still lifes, a vase of flowers, a single tree in an empty landscape, all are lovely things instinct with a remarkable spiritual and imaginative charge, no less potent for being so lightly and obliquely carried.

★

Finally, bare mention of the Serpentine, though its three current offerings deserve rather more (until May 10). Diana Cumming's small show is a retrospective in which the earlier work, some of it dating from her time at the Slade in the early 1950s, is the more interesting. The paintings of the life model at the Slade, and a portrait or two, are very fine, the Italian Girl in her striped dress especially so, all carried through with a feverish intensity of observation and a nervous, edgy execution. The recent paintings, of musicians, are more graphic and decorative in their mannerisms, but there is clearly no reason why a return to that former directness and simplicity should not bring with it all the old strength and singularity.

The other two shows were not yet hung when I visited the gallery, but both may be safely recommended. Paul Neagu shows a suite of large and handsome studies, with actual sculpture on the lawn outside. He also has a show at the Curwen Gallery which I have yet to see.

And there is *On the Plate*, organised by South East Arts with the help of Royal Doulton to raise money for *War On Want*. Ken Kiff, Paula Rego, John Bellany, Joe Tilson, Patrick Caulfield and even your critic are among more than 50 artists who were asked to paint a plate to be fired and sold. Sealed bids are being taken during the run, with £50 the minimum. It is a delightful show in a fine cause.

Swan Lake/Covent Garden

Clement Crisp

The early shoots of an interpretation are touching, tender in their theatrical innocence. A role as daunting as that of Odette/Odile, undertaken for the first time, searches out essential qualities in an apprentice ballerina, puts her on her best behaviour, and — in an oblique way—tells us a great deal about her. Her art is both defenceless and frank, as the demands of the ballet start tugging at her technique and her temperament.

What we learned about Deirdre Eyden on Thursday night, when she took the stage in *Swan Lake*, was that she possessed serenity of style and spirit. A notably beautiful young woman, she has the advantage of looking from the first like an enchanted Swan Queen. The long tutu suits her; the dance sits harmoniously on her body; she avoids extravagant extensions, but with pure line and sensitive phrasing she brings to her movement a simplicity and largeness of outline that help the choreography to flower. Hers is an essentially feminine reading, dramatic depths still only hinted at rather than revealed, of course; but already resonant of feeling and everywhere secure in physical expression. The double role is hers by right.

As her Prince, Miss Eyden had the inestimable advantage of Derek Deane's Siegfried. Mr Deane is the Royal Ballet's noblest danseur, Anthony Dowell being *hors concours*. Possessed of a sound if not showy technique, he is an ideal partner in emotional and physical sensitivity: the rapport in feeling established between him and his Odette during their first mimed interview — every moment alive with poetry—was matched by a sympathy in double-work that, like Anton Dolin's art, showed off his ballerina with unfailing concern for her dancing. Throughout the ballet Mr Deane drew a serious portrait of the Prince, purposeful, easy in expression, distinguished in manner.

On Saturday afternoon we had the unexpected debut of Maria Almeida, replacing an indisposed Ravenna Tucker, dutifully partnered by Jay Jolley. Miss Almeida's clear, fresh style shows us an Odette neat in dancing and drama, but she must at once find an alternative head-dress, for the present white wig and crown are wholly unsuited to her looks and physique. Odile's bravura allows Miss Almeida to deploy the speed and purity of her technique so that there is a bright flash to the dances—and one endless and secure balance that suggests the enchantress's command of the dramatic situation. The ardours of the ballet's romanticism, its fevers of love and trickery, have still to touch this reading.

For admirers of the small role faultlessly played, may I recommend Rosalyn Whitten's account of one of the Princesses in Act 3, where her every step and glance speaks of hopes raised and then dashed as she dances with Siegfried at the ball. It is a performance of liveliest wit and understanding. These qualities I wish I could discern in Mark Ermler's view of Chaikovsky. I have now heard Mr Ermler half a dozen times this season, but there seems little sympathy between him and the score. Effects sound clipped, tight and driven in phrasing; he scales down the horizons of the music and of the world it should create.

Judy McIntosh and Julian Glover

King John's Jewel/Birmingham Rep

Michael Coveney

"King John was not a good man/He had his little ways./And sometimes no one spoke to him/For days and days and days." You can see what A A Milne meant at the very start of David Pownall's new play in the Birmingham Rep's studio black box: the King is discovered urinating on the huddled figure of a sleeping hostage. His other "little ways" include upsetting the Catholic Church, rudeness to Jews and mistrust of monks (after his father's minor trouble with Thomas Becket).

Apart from that, Mr Pownall seems to be saying, the monarch was a reasonable chap, even if the country did go bankrupt through a collapse of industry and agriculture. Actually, I must come clean and declare I have no idea what Mr Pownall is saying in this play. If Magna Carta did ensure the political liberty of Britain, there is no hint of it here. In this respect Mr Pownall has the example of Shakespeare's play. Also, perhaps the proposed blinding of Arthur and its tender consequences in Shakespeare are reflected in this John's affection for the boy hostage he intends to hang.

The year is 1212 (three years before Runnymede), the site a ruined stone circle on a grassy knoll (designed by Ian MacNeil) just south of Nottingham. The boy Gwyn (Ian Puleston-Davies) is one of 29 sons of rebellious Welsh chieftans. While formulating tax measures with his party conjuror-cum-chancellor Walter (Roland Curram) — the next target is horse-shoes—the King receives a Cistercian double act who seek authority to build a monastery on this site. The isolated convocation is complete with the unlikely arrival of a dead moneylender's daughter (Judy McIntosh, Hebraically spick and span, and horseless).

The characters thus assembled, they stand, rooted to the spot for two hours like the stones behind them, spouting gobbets of unrelated argument designed to show that John at least had a grip on his country's demise and that the Church and politicians are in conspiracy against him on behalf of Pope Innocent and Vatican plans to establish a European community of religion and law. The dullness of all this acquires a shot of risibility with the business of a miraculous speaking sponge, a vinegar-drenched relic of Calvary no less, which tells John how evil he is.

When Mr Pownall disappoints as a dramatist, he has usually juggled some interesting themes, even if the stage is invariably littered with dropped skittles at the end. Here, there is no respite from the dreary proceedings, unenlivened by Bill Pryde's respectful direction and the sonorously dogged representation of the beleaguered King by Julian Glover. So much puff and wind, so little substance, though I fleetingly enjoyed the half-crazed monkish architect of Christopher Ettridge whose proposals for a mushroom-shaped monastery mark him out as the first medieval post-Modernist.

Munich's new Ring lacks intellectual spine

A post-modern *Ring*, a science fiction *Ring*, a *Ring* in which Loge sets the action rolling on an old 78 gramophone and casts the record smugly aside sixteen hours later, with no Rhinemaidens returning to snatch back their golden treasure: a shallow incoherent *Ring* that would be literally and metaphorically beyond redemption, were it not for some of the finest Wagner singing and conducting of recent years. The new Munich *Ring* is all these things and more.

Munich has been hungry for the return of the tetralogy since the final performance of the wise but dated Rennert production four years ago. Against that background, the new staging has been an anti-climax and an example of the luckless artistic policy of Wolfgang Sawallisch, the intendant of the Bavarian State Opera, for whom a clear-cut success would have been timely and deserved. But the odds on achieving this with a work as strenuous as the *Ring* always looked slim.

The fault lies not in Sawallisch's decision, Bayreuth-style, to mount all four evenings in quick succession, for the planning and rehearsal were capably managed and there was no hint of rushed or uneven preparation. The problems have been entirely the making of the production team led by Nikolaus Lehnhoff, a Wieland Wagner pupil who staged the well-received San Francisco *Ring* from 1983 to 1985.

The pressures facing a *Ring* producer in Munich may be different from those in California, but the basic challenge remains that of illuminating myth, fairy tale and the broad human truths with freshness and coherence, as well as a relevance to the age in which we live. The Munich *Ring* does not do this.

There was much talk beforehand of an attempt to view the tetralogy "through the ages" — Germans must have their production *Konzept* clearly articulated—but in the theatre this became a jumble of historical and modernist associations, with no clear structure, thematic guide or intellectual spine. Onto the fabric of Erich Wonder's expensive and optically-ambitious stage pictures, Lehnhoff wove a patchwork of inessentials, which may have decorated the surface of the story and its music, but ended up skirting the real issues.

The curse in *Das Rheingold* passed almost unnoticed. The *Siegfried* Mime, far from being an odious dwarf, was a quaint 19th century bookworm. *Götterdämmerung* — with Hagen a Mefistofelian New York mafioso surrounded by fascist guards—lacked a sense of tragedy. Lehnhoff seemed content to play the stage director, touching up the stage business with cheap symbolism or frivolous detail while allowing long stretches of ensemble and dialogue to pass with the dramatic inspiration of a repertory revival.

Die Walküre alone unfolded on a scale equal to the power of the music and drama. In Sieglinde's nervy transformation from Victorian repression to hysteria, in the physical playfulness of the father-daughter relationship at the start of Act two and the collapse of Siegmund into Wotan's arms after Hunding's death blow, there were traces of interpretative insight. Wotan held court in what looked like the giant control tower of an air ship, with a panoramic landscape drifting past in the background. The *Todesverkündigung*—set diagonally in a concrete inner city river duct—exercised a similar curious authenticity. Act three was cradled within the frame of a vast open-ended space capsule, peopled by Valkyrie maidens in black leather and the same archaic winged head-dress as Wotan.

Wonder's penchant for lavish fresh design concepts on virtually every scene indicates an original talent that needs to be kept to book, artistically and financially. His slow metamorphoses of background light and colour, through subtle use of spotlight, painted backdrop and projection on gauze, suggest a quest for a new type of theatrical illusion. In Nibelheim, a gloomy mechanical foundry operated by robots, the trick just about worked. Elsewhere—above all in the forest scenes of *Siegfried*—the result too often resembled a hideously complex substitute for old-fashioned naturalism.

In his assessment of Lehnhoff's San Francisco *Ring* in these columns two years ago, Andrew Porter described the production as the best-looking *Ring* around today, because of the Friedrich and Schinkel-inspired sets of John Conklin. Munich offers no challenge there—but Sawallisch has undoubtedly put together the best-sounding cycle. Only the Wotan, James Morris was common to both productions, and what a thrilling asset! In the grit and bite of his bass register, Morris recalls George London (Hans Hotter is also evoked). It is a true Wotan voice, slicing clearly through the densest of orchestral textures, riding freely and smoothly over the climaxes. Morris also looks commanding, and develops expressively through the cycle: we have the world-class Wotan for the next 10 years.

Ekkehard Wlaschiha's Alberich was scarcely less impressive, a heldenbariton rich in vocal timbre, versatile in histrionic skills, and capable of surmounting everything the production threw at him, including a Napoleonic outfit in *Siegfried*. René Kollo's Siegfried stayed the course powerfully, though Lehnhoff's ideas didn't seem to interest him. Matti Salminen as Hagen, Kurt Moll as Fasolt and Hunding, Robert Tear as Loge, Robert Schunk a sturdy Siegmund—all evidence of the depth of Munich's casting resources. An outstanding role debut for Cheryl Studer as Sieglinde, singing with unforced power and lyricism; Hanna Schwarz a very moving Erda; Marjana Lipovsek bringing to Fricka vocal opulence and carrying power, and acting with sweeping presence—a name to watch.

As Brunnhilde, Hildegard Behrens was even more radiant and all-redeeming than her recent Bayreuth incarnation. Although her voice is hardly the gleaming instrument of her great predecessors, it shows more fibre for the role's demands than before, and the notes "thrill with emotion," to use Hussey's phrase.

But even she must cede the ultimate laurel to Sawallisch. His mature placing of accents, his unerring ability to ignite the energy and momentum of the score at the right moment in a slow crescendo, his gift for inspiring his less than perfect orchestra to heroic deeds of textural resonance and dynamic nuance — all signs of a great Wagner conductor. Although Sawallisch seems more willing than before to vary tempo according to dramatic necessity — the Rhine journey, for example, was unusually fleet and nimble — his speeds have become slower and more sustained with age, and the quality of sound more lustrous. His *Göterdämmerung* showed real temperament, without the episodic mania of a Solti. The Wotan-Erda scene in *Siegfried* was musically unforgettable. Why do the record companies continue to ignore the best available *Ring* conductor of them all?

Andrew Clark

Christian Zacharias/Wigmore Hall

Dominic Gill

Almost every performer (even such a seasoned artist as Cherkassky) takes a little while to warm to the serious things in hand at half past eleven on a Sunday morning: and Christian Zacharias was no exception at his Sunday morning Coffee Concert at the Wigmore Hall this week. Mozart's piano sonata K310 came into focus somewhat slowly: the fingers were fluent, but the A minor storm at the heart of the first movement seemed a shade tentative, low-key, beside what followed later. By the time he had reached the slow movement the mood was more secure, and expressive edges were sharpened: the andante melody flowered beautifully, and with eloquent cantabile, through all of its transformations; and the finale had fine presence, quick rhythmic attack and plenty of lyrical urgency.

Zacharias's pianistic manner, serious, unflamboyant, scrupulously attentive to the composer's text, although not without many quick, imaginative departures from it, nor by any means without toughness, reminded me on several occasions during his recital of the playing of his contemporary Peter Serkin. Zacharias's account of Schumann's *Kinderszenen* especially recalled the same quiet, direct unfolding of Serkin's Schumann: absolutely no concessions to vaporous sentiment—the whole treated as a coherent dramatic sequence, held firmly in rein, but always finely and delicately observed. I liked his simple, unassertive (and unselfconscious) way with *Traumerei*; the childlike surprise which greeted the sudden, gripping outbursts of *Fürchtenmachen*; the refreshing and very un-Horowitzian lack of sentimental point-making in his *Bittendes Kind* (although no pianist anywhere has ever made the same notes sound so beautiful as Horowitz makes them sound); the gentle, reflective summation of his *Der Dichter spricht*.

The hi-fi bogies of *Gramophone* have not cared overmuch for Zacharias's Mozart: but the finale of his short recital, *Mozart's A major sonata K331*, had real quality—and a simple, unostentatious intensity which I found most impressive. Above all he brought out the sonata's orchestral *spirit, delivering the* three movements as if they were indeed (as they might be) an unbroken sequence of orchestrally based fantasies brilliantly devised (and re-scaled) in keyboard sonata form. The *Alla turca* finale emerged for once as more than a jolly formal essay, pregnant here with all manner of instrumental insinuations, and in one or two measures with dark reflections of the minuet, from which its jubilation seemed to arise without pause.

Orton diaries at King's Head

Diary of a Somebody, adapted by John Lahr from Joe Orton's Diaries into a full length play, will open at the King's Head on April 15.

Orton is played by Oliver Parker with Ian Bartholomew, Barry McGinn, Caroline Webster and Charlotte West-Oram also in the cast.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 3–9

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The King Goes Forth to France, the third opera of Finland's leading composer, Aulis Sallinen, receives its long-awaited British premiere production by Nicholas Hytner, conducted by Okko Kamu, with Mikael Melbye, Stafford Dean, Sarah Walker, Eilene Hannan, Valerie Masterson, and Donald Maxwell in leading roles. (240 1066).

English National Opera, Coliseum: Simon Boccanegra, the ENO's latest Verdi production, brings back to the house David Alden (previously responsible here for the notorious "blow-torch" Mazeppa). Jonathan Summers and Janice Cairns take leading roles; Mark Elder conducts. Tosca, now with Phyllis Cannan in the title role, is Jonathan Miller's most recent ENO operatic updating, and probably his least successful; The Mikado, another, much jollier Miller show, makes its last appearance in the current run.

Camden Festival: Robert Ashley, one of the leading American West Coast avant-garde composers, takes a main part in his Atlanta (Acts of God), whose three parts – Max (April 8), Willard (April 10), Bud (April 11)—are all being given at the Bloomsbury Theatre.

PARIS

Marcel Landowski's Montsegur, opera produced for the first time in 1985, conducted by Michel Plasson. The roles of the tragic lovers, victims of religious intolerance between cathares and catholics are sung by Karen Armstrong/Kathleen Martin and by Gino Quilico. Paris Opéra (4266 5022).

Ballet Moiseiev celebrates its 50th anniversary with a suite of traditional Russian dances, with Partisan Fighters, A Day on a Boat and a Winter Celebration at the Palais des Congres (4742 0744).

Maurice Bejart's XXth century ballet: Trois Etudes pour Alexandre, a world premiere with *Fernando Bujones*, Le Baiser de la Fée with Eric Vu An at the TMP-Châtelet (4233 4444).

WEST GERMANY

Berlin, Deutsche Oper: The week features Das Rheingold and Die Walküre, both produced by Götz Friedrich. In the main parts are Hanna Schwarz, Lucy Peacock, Matti Salminen, Deborah Polaski, Peter Hofmann and Toni Krämer. Further offered Die Zauberflöte with Elfie Hobarth, Carol Malone, Bengt Rundgren and Horst Laubenthal and Zar und Zimmermann.

Hamburg, Staatsoper: Bellini's I Puritani will have its premiere, in a concert version. The cast stars Harald Stamm, Francisco Araiza, Giorgio Zancanaro and Edita Gruberova. Parsifal has fine interpretations by Waltraud Meier and Kurt Moll. Die verkaufte Braut is a well done-repertoire performance. A Mirella Freni lieder recital with pianist Paola Molinari rounds off the week.

Frankfurt, Opera: Das Rheingold, produced by Ruth Berghaus, one of the brightest Frankfurt successes of recent seasons, has Sandra Walker, Cornelia Berger, Wolfgang Probst, Heinz Zednik and Adalbert Weller in the main parts. Jenufa convinces thanks to June Card, brilliant in the title role. Last performance of Hoffmanns Erzählungen with Elizabeth Percella, Paula Page, Lia Frey-Fabius, William Cochran and Tom Fox.

Munich, Bayerische Staatsoper: Siegfried and Götterdammerung both produced by Nikolaus Lehnhoff, and conducted by Wolfgang Sawallisch, with an attractive cast – Hanna Schwarz, Hildegard Behrens, Lisbeth Balslev, Rene Kollo, Martti Salminen and Kurt Moll. Cav and Pag features Julia Varady, Piero Cappuccilli and Carlo Cossutta. Un Ballo in Maschera with Maria Slatinaru, Marjana Lipovsek, Giacomo Aragall and Wolfgang Brendel closes the week.

ITALY

Milan: Teatro alla Scala: Four Ballets conducted by Michel Sasson (80 91 26).

Rome, Teatro dell'Opera: A revival of Visconti's 1965 production of Don Carlo (with the original sets and costumes) directed by Alberto Fassini and conducted by Gustav Kuhn. Giacomo Aragall alternates with Luis Lima in the part of Don Carlo, Robert Servile sings Rodrigo, Roberto Scandiuzzi Filippo II, and Katia Ricciarelli is Elisabetta di Valois; the Teatro dell'Opera Ballet company in works by William Carter to music by Franco Mannino. (46 17 55).

Turin, Reggio nell'Emilia: Teatro Valli: Rameau's Hippolyte et Aricie conducted by Jean Claude Malgoire with Carolyn Watkinson, Danielle Borst, Marie Christine Porta, Elisabeth Baudry, Silvana Silbano and Guy de Mey. Pier Luigi Pizzi designed the scenery and costumes. (4 03 46).

Bologna, Teatro Comunale: L'Elisir d'Amore conducted by Donato Renzetti and directed by Luciano Alberti, who also designed the scenery and costumes. The cast includes Luciano Pavarotti, Silvano Carroli, Alida Ferrarini and Leo Nucci. (529 999).

NETHERLANDS

Amsterdam, Muziektheater. The Netherlands Opera production of Busoni's Doctor Faust directed by Franz Marijnen. The Netherlands Philharmonic conducted by Lucas Vis, with Victor Braun as Faust, Mario Brell as Mephistopheles, and Mary Jane Johnson as the Duccess of Parma (Tue, Thur). (255 455).

The Netherlands Opera touring company with the Barber of Seville directed and designed by Dario Fo, the Netherlands Philharmonic conducted by Stephen Barlow. Louise Winter (Rosina), Yoshihisa Yamaji (Almaviva), and David Malis (Figaro). Tue in Heerlen, Schouwburg (71 66 07).

Scheveningen, Circus Theatre. The Hofstad Operetta Company with La Fille de Madame Angot by Charles Lecocq directed by Jan Polak, with the Amsterdam Conservatory Orchestra conducted by Patrice van Opstal (Tue). (55 88 00).

VIENNA

Staatsoper: Il Barbiere di Siviglia conducted by Zedda with Baltsa, Slania; Macbeth conducted by Mackerras with Zampieri, Vance, Bruson, Ghiaurov; Ariadne auf Naxos conducted by Guschlbauer with Murray, Greenberg, Pusar; Raymonda conducted by Richter with Stadler. (51 444/26 55).

Volksoper: Orpheus in der Unterwelt; Hoffmanns Erzählungen; Polenblut; Der Opernball (51 444/26 57).

NEW YORK

Metropolitan Opera (Opera House): *The week features the final two* performances of the season of Turandot, Franco Zeffirelli's controversial production which glitters and dazzles with enormous sets that seem to overwhelm while they delight the eye. James Levine conducts Eva Marton, Placido Domingo and John Macurdy. The first performance of the season of Parsifal in Nathaniel Merrill's production is conducted by James Levine with Tatiana Troyanos, Timothy Jenkins and Simon Estes. Other productions this week are Samson et Dalila conducted by Jean Fournet in Nathanial Merrill's production with Marilyn Horne, Jon Vickers and Terry Cook, and Dialogue of the Carmelites conducted by Manuel Rosenthal in John Dexter's production with Maria Ewing, Jessye Norman, Florence Quivar and James Courtney. (362 6000).

City Center: Dai Rakuda Kan's nightmarish Japanese visionary theatre of Butoh performs The Five Rings, based on the the Chinese philosophical system that has recently penetrated another realm among management students. 55th e. of 7th Av (247 0430).

New York City Opera: Continuing its tradition of presenting American musicals as a prelude to its new season, the company performs the story of Nellie Forbush and her exotic romance during the Second World War in the South Pacific. Ends April 26. (870 5570).

CHICAGO

Bucket Dance Theatre (Goodman): African and Caribbean influences on choreographer Garth Fagen infuse the work of his company set to music by Dollar Brand, Philip Glass and the Preservation Hall Jazz Band. (Tue through Sat). (443 3800).

TOKYO

La Tragédie de Carmen: Peter Brooks's renowned original production. The Peter Brook Company directed by Brook has been chosen to open Tokyo's newest theatre, the Ginza Saison. By eliminating the usual opera fillers and distractions, concentrating on the main characters and convincing acting and relegating the (conductor-less) orchestra offstage, Peter Brook's version ensures that nothing interferes with the drama and realism. In the five years during which this Carmen has been seen in Europe and the US, Japan has campaigned for its performance here. But Brook rejected every suggested venue. This unlikely modern theatre was accepted because of its flexibility. The newest cultural jewel of the Seibu Group is so deceptively converted into an arena space, complete with red sand floor and plain high walls that it has been made to look like Brook's Paris base, the famed, gutted Théâtre des Bouffes. Other innovations include the civilised 7.30 (8.00 at weekends) start and restaurants for after-theatre dining. Ginza Saison Theatre (535 0556; 980 6686).

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A ring fence round Africa

WESTERN governments at long last appear poised to do something about the unpayable debts of poverty stricken African countries. At the end of the finance ministers' meeting in Belgium at the weekend, Mr Nigel Lawson revealed that the Paris Club of Western creditor governments had agreed in principle on a long-term rescheduling of the region's crippling debt. So the politicians at last appear to be heeding rational arguments: economists at the World Bank and elsewhere have been stressing for more than a year the enormity of Africa's debt burden, and the need for a special initiative.

The precise status of the Paris Club proposal is still in some doubt. Further details are likely to emerge during this week's World Bank/IMF meetings in Washington. Mr Lawson mentioned a grace period before repayments begin, a substantially reduced interest burden and rescheduling of principal over 15 to 20 years. Such reforms, if implemented, would represent a big improvement over present practice: many African debtors have been unable to plan their development rationally because of an endless cycle of short-term rescheduling agreements (there have been 88 in the past decade).

But it would be wrong to regard the Paris Club plan as a panacea for the region. So far the sovereign creditors, who in Africa are quantitatively much more important than commercial banks, have not accepted the need either for debt forgiveness or for the extension of new finance on highly concessionary terms.

Exposure period

The stretching out of repayments may do no more than postpone the crunch unless some way is found of raising these countries' growth rates. Some of the region's poorest debtors, such as Zaire, are poorer in per capita terms than they were a generation ago. If the yfail to accumulate wealth over the next few decades, it is clear they will never be able to repay their creditors.

The Paris Club proposals also leave hte position of the IMF in Africa unclear. The present strains in the region partly reflect the fact that the Fund pumped a lot of money into Africa in the early 1980s, money which is now having to be repaid. It is estimated that roughly half of the total repayments being made by the most heavily indebted African countries are going to the Fund. This extraction of capital is not desirable on development grounds, but so far no way of effectively lengthening the exposure period acceptable to the Fund has been agreed. The French have made several innovative proposals while outsiders have suggested that the IMF sell more of its gold stocks to finance higher net lending; other countries have taken a more conservative line.

Special relief

Sub-Saharan Africa's plight is also partially a reflection of the fact that it has been progressively squeezed out of the US aid budget, which in overall terms has been far from generous throughout the Reagan Presidency. Geo-political factors have tended to keep aid flowing to some Latin American countries, to the Philippines, and to the Middle East; the main losers have been very poor countries with no political clout, of which there are many in Africa.

The Paris Club proposals, while in their infancy (there is no agreement yet on the rescheduling terms that would be offered any particular country), do seem to represent the first sign of a new strategy on Third World debt. Development economists have argued that a much sharper distinction should be drawn between those countries that have a realistic hope of servicing their debts and those that do not. The idea is that a "ring fence" should be placed around the hopeless cases, allowing them to be granted special relief without compromising negotiations with richer but relatively intransigent debtors such as Brazil. The ring fence concept certainly deserves further study.

Competition on the airwaves

SINCE the start of radio transmission every country in the world has treated the airwaves as part of its national patrimony, to be husbanded by the state. The rationale has been that the radio spectrum, the range of usable frequencies, was a scarce resource which only governments were qualified to mete out in the public interest.

This view is, however, sharply challenged by a study carried out by CSP International at the request of the Department of Trade and Industry. The study, which seems likely to form the basis for legislation if the Thatcher government wins the next election, recommends that Britain become the first country to set about privatising the radio spectrum.

Wasteful hoarding

The study's novel thesis is that spectrum scarcity is the result of the present method of allocation, rather than the reverse. It argues that the system has caused frequencies to be doled out in an arbitrary manner, based on government officials' perception of need rather than on genuine market demand, and has encouraged wasteful hoarding of under-utilised capacity.

The study suggests that these inefficiencies could be remedied by delegating management of part of the spectrum to private entities, which would sell it off on a commercial basis. Large established users such as British Telecom would also be free, subject to regulatory safeguards, to sell surplus capacity or to buy additional frequencies on the open market.

By providing commercial incentives to balance supply and demand more effectively and introduce technological innovation privatisation would, it is claimed, lead to the release of enough frequency capacity to satisfy the requirements of all existing and new spectrum users in the UK for the next 20 years.

The study sensibly favours a system designed to encourage competition, rather than simply auctioning off frequencies to the highest bidder. That should help to keep pricing reasonable and offer wider consumer choice. For instance, the study recommends that large telecommunications users should be freed to set up their own microwave links, independent of public telephone networks, and also suggests that there would be scope to increase the number of off-air television broadcasting channels.

The government's own recent inquiries tend to confirm that the traditional allocation method has created serious distortions. But whether CSP's radical blueprint would yield all the benefits claimed for it can probably be judged only by testing it in practice.

That could prove controversial. As well as arousing the usual objections from political opponents of privatisation, the proposals are likely to be resisted by UK makers of radio equipment. The study estimates, rather gloomily, that introducing competition would reduce their market share by between 40 and 70 per cent.

However, there is no intrinsic reason why they should lose out. Competition would be likely to stimulate much faster market growth providing many opportunities for expansion by enterprising UK manufacturers as well as foreign rivals. In any case, previous attempts to build up a strong and internationally competitive British communications equipment industry behind domestic market barriers have proven conspicuously unsuccessful.

Common standards

A more substantive objection is that a unilateral policy shift by Britain which threw radio communications open to free enterprise could jeopardise efforts to achieve common European standards. The drawbacks of going it alone are clearly evident in European countries' recent choice of different and incompatible cellular mobile telephone systems.

Against that, setting European standards is an immensely long-winded business. There is a risk either that it is overtaken by technology or, as in the case of the EEC's Race broadband network programme, that it is motivated more by the desire of suppliers to safeguard their long-term market position than by any clearly identifiable customer demand.

If Britain decides to press ahead with privatising the radio spectrum, it should strive to ensure technical compatibility with neighbouring countries. However, absence of common European standards should not be allowed to prevent changes at a national level which genuinely offer wider customer choice, greater efficiency and a stimulus to innovation.

FRANCE'S BIG BANG

A late run for the winning post

By George Graham in Paris

PARIS may have conceded London a head start, but France is now well on the way to its own Big Bang.

Reforms of the French stock exchange now in train will radically transform the structures of the Bourse — but some are already questioning whether the changes will be enough to allow Paris to catch up with its competitors. They argue that the markets may already have slipped away from the corbeille, the Bourse trading floor, into the dealing rooms of the major banks, both in Paris and across the Channel in London.

As part of the reforms, the banks will be allowed to buy progressively into the capital of France's *agents de change*, the officially licensed stockbrokers. By 1992, the closed shop these brokers now exercise over dealing in French shares will have been abolished.

The challenge for the French stock exchange is clear. London has become the unquestioned financial centre for the European time zone, as New York and Tokyo are in their respective zones. Moreover London's ambitions are not limited to the major international currencies and Euromarkets, but extend to the domestic securities of continental Europe.

Already, six London dealers make a continuous market in the most actively traded shares.

In Paris, meanwhile, 11 dealers making prices through Reuters screen system generate nearly half the FFr 25bn of transactions in French government bonds each week.

These dealers—mostly leading French and foreign banks—are compelled by the Stock Exchange monopoly to put their deals through a broker, in effect registering them officially. And although brokers' commissions on these put-through deals are as little as 10 per cent of the normal commission rate, many banks find the monopoly hard to stomach.

The reform plan aims in part to meet the banks' appetite for a larger market-share.

"Our concern was to put an end to a French civil war at a time when a few hundred kilometres away, across the Channel, a major market is gathering strength," says Mr Xavier Dupont, chairman of the Stock Exchange.

Lurking ahead is the prospect of 1992. Many in the French financial community may feel they have plenty of time to prepare for the date when the European Community is due finally to break down the barriers to free trade in capital and services between its member countries. But Mr Edouard Balladur and his officials at the Finance Ministry are not complacent.

By then they want Paris to be the major financial centre for Continental Europe, edging out Frankfurt—where the Government may be moving too slowly to keep up—and Zurich, which is felt to have lost momentum in recent years.

The changes now affecting the exchange form part of a broader programme of structural economic reform begun under the previous Socialist government. Its aim is to cut back the vast range of government credit subsidies and open up a modern, unified financial market to which different categories of borrower and investor have access on equal terms.

The reforms have involved the end of quantitative controls on bank lending, a thorough overhaul of the ways the Government finances its own deficit and the creation of new markets in negotiable paper, financial futures and options.

In the process, France has moved away from direct bank borrowing as a source of finance towards securitised debt such as bonds or commercial paper, and increasingly towards equity capital.

The aim is to make Paris the premier financial centre for continental Europe

France has traditionally had a much lower reliance on equity funding than other comparable economies—its equity market capitalisation in 1985, the latest year for which full figures are available, amounted to only 13 per cent of gross domestic product, compared with 24 per cent for West Germany, 40 per cent for the US and 65 per cent for the UK.

The last three French governments have done much to encourage a shift towards equity capital, mainly through tax incentives for investors buying shares, such as the Monory law.

The aim has been both to achieve a better balance in the way the economy is financed, and to promote a culture of enterprise and risk-taking—a culture which, ironically, began to catch on under the Socialists and is now being spread more widely by the Government's privatisation programme.

The Exchange itself has already carried out its own modernisation exercise to cope with the changes in the international markets, and with its own breakneck expansion.

Stock market turnover last year — FFr 411bn in shares and FFr 1,674bn in bonds — was more than twice as high as in 1985 and 38 times higher a decade earlier.

Besides a major effort in computerisation, at the individual stockbroking firms and at the central Compagnie des Agents de Change, the market has modified its basic price fixing method to give more continuous quotations.

The introduction of a morning session for the most actively traded stocks was followed by the creation of a computer-based trading system, borrowed from the Toronto stock exchange. This still largely experimental system includes over 50 shares — mostly smaller companies — and is expected to cover more than 100 by the end of the year.

The Stock Exchange has also developed new instruments, including a highly successful long bond futures contract traded on the Matif — the year-old financial futures market housed in the Bourse building — and plans to introduce traded options in June.

In addition, the rules have been gradually adapted to allow brokers to adopt more of a role of *contrepartie*, taking stocks onto their own books and fulfilling something of the function of jobber or market maker.

The structural reform now proposed aims to bring the financial resources of the leading domestic and overseas banks into the Stock Exchange. This will give dealers the capital base to allow them to trade on their own account in larger blocks of shares or bonds, improving the liquidity of the market and the ease with which it can absorb large buying or selling orders.

From 1992, securities dealing in France will still be confined to members of the Stock Exchange. But membership will be open to all who can obtain authorisation from the Bourse Council and not limited as now to a fixed number of *agents de change*.

Although the reform is heralded by the Government as bringing the end of the stock exchange monopoly, it nonetheles sticks firmly to the principle of centralising orders in a single market. Many dealers doubt whether this approach is practical.

"Blocking trading cannot function in a centralised market, even if the banks are 100 per cent owners of the brokers," says an executive at one leading French bank. "We certainly don't feel that this reform ends discussion on the question of the stock exchange monopoly."

Nor does the reform address the question of fixed commission costs, as Wall Street's May Day more than a decade ago or London's Big Bang last year did.

"To my knowledge there is no plan to liberalise the commission tariff, and I hope there will not be. I am not all enthusiastic about letting banks into our capital just in order to move to a zero commissions structure. If that happens I will pack up immediately," says Mr Dupont, the Stock Exchange chairman.

The structure of dealing costs in Paris, is not unbearably heavy. The Commission des Operations de la Bourse (COB), the stock exchange regulatory authority, calculates that the gap between buying and selling prices in Paris is 0.96 per cent on transactions over FFr 10m, including all commissions and taxes. Commission on large equity transactions — over FFr 2.2m — is 0.215 per cent, plus stamp duty at 0.15 per cent and value added tax at 18.6 per cent of the commission.

Dealing through a London market-maker at net prices would still involve a spread of 0.5 to 1 per cent, the COB estimates.

At the lower end of the range, this gives a considerable cost advantage to London, the COB says, which adds to the advantages of liquidity — since bargains with a London market maker are matched immediately — and simplicity because deals are struck at net prices.

Tax requirements mean that French brokers now find it difficult to quote their clients a net price—a flat price with no additional brokerage, tax or margin between buying and selling prices—as their rivals in London can do.

This does not worry all clients, but French banks and brokers say it constitutes a significant handicap in sales to foreign investors, especially Japanese investment funds.

Paris brokers deny that the question of cost is a real deterrent to investing institutions, and say that even if the spread between buying and selling prices is narrower in London, investors can often get a better price with the official Paris quote.

"The cost of transactions is honestly not a deterrent to foreign institutions. They are hoping that 1992 will be cheaper for them, but none are complaining now," says Mr John Fordyce, director of the international department at the Paris firm of Auboyneau, Labouret, Ollivier.

A number of foreign institutions are now, however, actively demanding commission clawbacks from the intermediaries they deal through, and this suggests the Bourse may soon come under more pressure on the question of transaction costs.

With the French Government's eyes fixed firmly on the spread of popular share ownership, many institutions fear their interests may be ignored in the authorities' anxiety not to alter the fixed commission structure in a way that would mean higher dealing costs for the small investor.

For the banks, the immediate question is whether they should buy a broker. At the moment, informal soundings suggest that a majority will decide they cannot afford to wait until 1992, when they can apply directly for membership of the Stock Exchange.

Most banks seem inclined to look for the smallest and cheapest broker they can find, buying a five-year stock exchange entry ticket rather than a going concern. French banks, unlike their counterparts in London, already have strong equity research and dealing teams, although they pass final orders through a broker.

"A brokerage firm is three things: the monopoly, the dealing teams and the client list. In 1992 the monopoly is worth nothing, the dealing teams are highly mobile, and the only thing that is worth anything is the clientele, especially the private clients," says a Paris banker.

For the brokers, the prospect of being bought up as an entry ticket, to be discarded in 1992 when they are no longer needed, is unappealing.

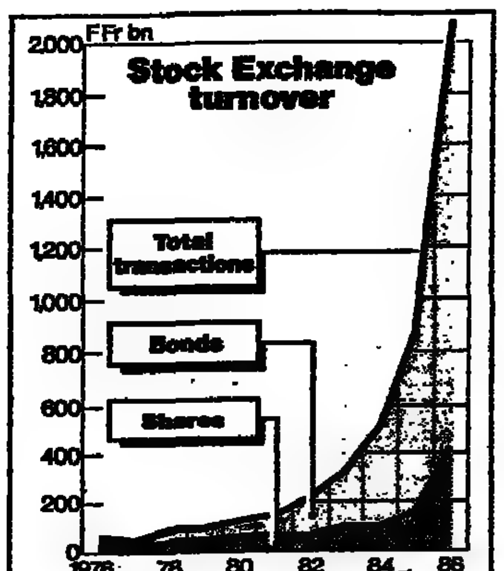
Among the most highly regarded of the Paris brokers—and the number reckoned to have first rate, competitive operations is small—several have already put up "not for sale" signs. They are too ambitious to accept being subsumed within a larger organisation.

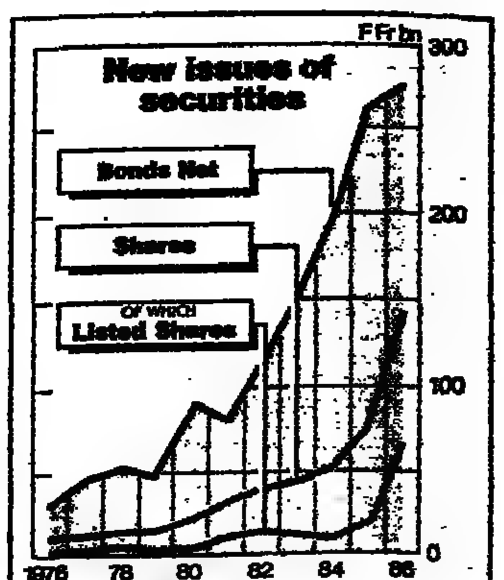
The brokers' task for the next five years — more difficult than managing the details of the structural reform — is to build up a clientele that deals with them not because of their monopoly but because of their competence.

They have made a start. Several of the more aggressive *agents de change* have installed up-to-the-minute dealing rooms, and have worked to build an institutional sales force.

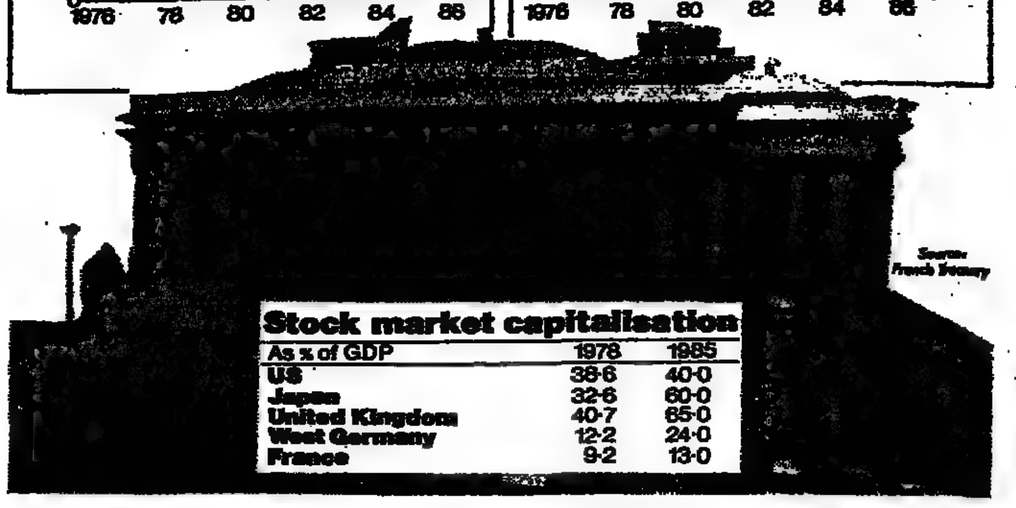
But the dealer's mentality — the ability to turn a profit out of making a market which London's stockjobbers already possessed before the big bang—is taking longer to develop. Where it has grown fastest is in the dealing rooms of the big Parisian banks, not the brokers.

Those best able to compete internationally are the banks, which have already thrown themselves into the new markets and own brokers in London, Frankfurt and Hong Kong. The *agents de change*, on the other hand, have been slow in building up their capital, their dealing systems and their expertise from an inadequate base. If they are to be ready for 1992, they will have a lot of catching up to do.





Source: French Treasury



Stock market capitalisation

As % of GDP	1978	1985
US	38·6	40·0
Japan	32·6	60·0
United Kingdom	40·7	65·0
West Germany	12·2	24·0
France	9·2	13·0

Men and Matters

Micros make friends

Arend Vleggeert, the new head of Wang in Europe, must be the only executive in the computer industry who refused to use his company's machines for most of his career and still made it to the top.

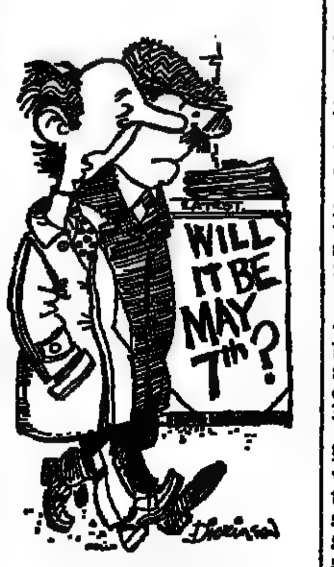
Vleggeert, a jovial Dutchman, spent 17 years selling Wang machines all over Europe, including the Eastern bloc, before being made vice-president and general manager for Europe, Africa and Middle East this year.

"I refused to use my own equipment for 16 years in a row. It was too complicated," Vleggeert explains disarmingly. "I asked them how long it would take to teach me to use it and they replied: one week. I said I was too busy and they should come back when they could teach me in a day."

Two years ago, Vleggeert continues, he was told it was not possible to teach him how to use Wang machines in a day. "I told them my time had become more valuable and I wanted to be taught in two hours."

And so it continued, until a year ago Wang was able to teach Vleggeert the mysteries of the machines in an hour. Now Vleggeert communicates with all his senior managers in Europe over his personal computer.

Wasn't it all a bit of a rigmarole? "No, the result is that Wang's machines are now exceptionally user friendly," Vleggeert contends.



"Never cast a clout till October is out, I say"

Pit prop

Besides telling plump northerners what they should eat, the junior health minister, Edwina Currie, is making her mark among the nationalised industries as a supporter of state coal mining.

Sensitive to the mining vote in her South Derbyshire constituency she recently breezed into the office of Sir Robert Haslam, British Coal's chairman, to urge him to invest £80m in prolonging the life of the 127-year-old Cadley Hill pit — which is expected to close by the end of the decade because reserves are almost worked out.

Its miners, who defied the miners' strike and continued to work, want the money to be spent on developing new reserves.

A few weeks ago Mrs Currie earned British Coal's thanks when she ruled that some 200 hospitals in England and Wales should spurn cheaper imported coal and continue to buy British.

On the electricity front, she has let it be known that she would like the Central Electricity Generating Board to spend £200m at Drakelow power station — another of her constituency landmarks — as part of its programme to cut pollution.

Rumour has it that Arthur Scargill, president of the mineworkers, is thinking of asking her out to a candlelit, pollution-free, dinner.

European trick

Ben Rosen, one of the gurus of the American high tech venture capital industry, is thinking of making his first European investment.

That is no small move for the soft-spoken Rosen, who is equally well-known in the US for picking high-tech, start-up businesses which go on to grow in spectacular fashion, and for his prowess as an amateur juggler.

He and his partner, L. J. Sevin, look at about 1,000 business possibilities a year, but only invest in a handful.

Sevin Rosen Management is now close to a final decision on a French start-up electronic components company.

Of its 34 investments in the past six years, seven have become, and three are about to become, publicly quoted. And seven have gone bankrupt—a reasonable ratio, Rosen reckons, for backing start-ups.

Two have grown into real stars, however. They are, Lotus, now one of the largest US computer software companies, and Compaq, now one of the leaders of the personal computer industry.

In good taste

Help is at hand. I read in Advertising Age, for those who are dieting but cannot resist chocolate . . . or peanut butter . . . or strawberry cheesecake.

Nutri/Systems of Pennsylvania is now offering a Flavor Spray to give you your chocolate without the guilt and the calories. When the craving starts, you simply quench it by spraying your tongue. "You'll get a blast of satisfying chocolate taste that has less than one calorie," the company claims.

Dr Susan Schiffman, who developed the spray for diet patients, and sold it to Nutri/System in December 1985, says that after a few sprays, the craving for that particular taste disappears. "It's sensory specific saiety," she explains.

The slim spray-cans cost about $2.50 and contain 150 sprays, more than enough to satisfy even hard-core chocoholics for quite a long time. It is made, says Nutri/System with beguiling simplicity, by "capturing the chocolate odour, mixing it with water and sorbitol, a low-cal sweetener, and putting it in the can."

It has done the same with peanut butter and apple cinnamon danish and is adding strawberry cheesecake and chocolate coconut to the menu this month.

Stage struck

Rodney Bickerstaffe, general secretary of the National Union of Public Employees and something of a thespian with his high-flown rhetoric, yesterday achieved an eight-year-old ambition.

As guest speaker at a civil servants' pay dispute rally at London's Old Vic theatre, he got a warm reception for some of his best lines such as: "Norman Fowler and Robert Armstrong — the only two people I know who have had a charisma by-pass operation."

But then, speaking from the stage, the leader of the union most deeply involved in the bitter public service strikes of 1978-79 was at last able to proclaim: "Now is the winter of our discontent...."

Observer

The Demjanjuk Case

A trial to stir the memory

By Andrew Whitley in Jerusalem

The accused signals confidence in the outcome of his trial

A FEW YEARS AGO, the Israel Philharmonic Orchestra under Zubin Mehta had just completed a typically successful concert. As the applause died down, Mehta turned to his devoted audience and proposed an unscheduled addition to the programme.

As an encore, he suggested playing a short piece of Wagner. But, taking into account the Israeli public's well-known sensibilities on the subject of Hitler's favourite composer, those who wished to leave were invited to do so. The uproar was so strong that the distinguished conductor was forced to abandon the podium.

More than 40 years after the end of the Second World War, feelings within Israel towards Germany and German culture remain so strong in certain quarters that the music of Wagner and Richard Strauss, another composer identified with the Nazi era, cannot be played in public.

Inextricably bound up in their tragic common historical past, the relationship between the German people and the Jews is not, however, as black and white as this episode might suggest. Modern Israelis feel considerable ambivalence: the Audi has become one of the country's most popular cars.

New ground was broken yesterday when President Chaim Herzog arrived in Bonn at the start of a first-ever state visit to Western Germany by an Israeli President. Taking place against the background of a major war crimes trial in Jerusalem — that of Mr John Demjanjuk, charged with being a brutal gas chamber operator —the visit has stirred up a predictable fuss.

The President has been accused of attempting to smooth over the past and put bilateral relations on a "normal" rather than the "special" basis Israelis insist on. He argues that the trip will do more to revive international awareness of the holocaust than any event since the trial of Adolf Eichmann 25 years ago.

The grounds on which Belfast-born Mr Herzog — a former British army officer who fought in Germany in the Second World War—chose to defend his trip, go to the core of the tormented Israeli psyche.

It would take a psychologist of mass behaviour—and a Jewish one at that—rather than a foreign journalist to probe accurately into the Israeli subconscious about the holocaust. But it can be said without fear of contradiction that the subject remains a deep collective wound.

The Nazis' "final solution" resulted in the deaths of an estimated 6m Jews almost double the Jewish population of Israel today. But as David Krivine reminded his readers last month in The Jerusalem Post: "The woes of the Jews under Hitler, however dreadful they seem to us, are not the world's most overwhelming preoccupation."

However, Dr Yitzhak Arad, director of Yad Vashem, the holocaust memorial centre in Jerusalem, says: "Our fears and our courage today are closely linked to the experience of the holocaust." Surrounded, as they see it, by a world at best apathetic towards Israel and, at worst, bent on its destruction, Israeli feelings of loneliness and vulnerability are never far from the surface.

Jewish insecurity; the nagging, perennial fear of "feeling unsafe in our own house," as an Israeli friend put it, is nothing new. What is surprising to outsiders (and to Israeli Arabs) is that at a time when the perception of Israel by the rest of the world has shifted from that of a defenceless David to that of a regional superpower, armed to the teeth by the US, this feeling of vulnerability remains.

Hence the unceasing stress by Israel on the need for self-reliance in all fields.

It is against this background that the trial of Mr Demjanjuk, a 66-year-old retired car industry worker from Cleveland, Ohio, who claims he is a victim of mistaken identity, is to be understood. The trial is a reminder for Israelis of the need for a state of Israel. They would like also the attendant publicity to jog the fading memories of the rest of the world.

Now in its ninth week, the proceedings unfolding in Jerusalem's largest concert hall have gripped the public's imagination to an extent which has surprised the authorities who decided to stage it.

"At the beginning I thought, why do we need to do this, it is irrelevant to our lives," says Mr Shlomo Abulafieh, a Jerusalem businessman. Pushed, in part, by the unexpected interest shown by his 15-year-old daughter, this native-born Israeli changed his mind, recognising the trial's educational impact.

Mr Yoni Kellerman, a 37-year-old management consultant in Tel Aviv, most of whose family managed to escape from Nazi Germany, agrees: "In the beginning I thought it was a farce. But as the trial progressed I became more and more in favour of it as a means of bringing the subject back into the consciousness of the people."

Holocaust professionals such as Dr Arad intensely dislike the way in which the Demjanjuk trial has burst the narrow bounds of criminal justice and taken on this much broader significance.

But there is little they can do about it: survivors of the death camps who wanted nothing to do with the trial are drawn back in their own words "like moths to a flame." School children familiar with the subject from their textbooks plead with their teachers to be allowed to attend.

After a slow start with apparently minimal public interest, the trial is possessing the country as no other subject could.

What is more, it has united oriental Sephardi Jews with their Ashkenazi cousins from Europe on a subject which has previously separated the two communities. Because it was the Ashkenazis who suffered in the holocaust and not the Sephardis, the subject has long been a barrier between them.

The sight of a Jerusalem bus driver, usually of Moroccan or Iraqi origin, careering along the road, transistor glued to his ear to follow the live radio broadcasts from the trial, makes the point more eloquently than any sociological analysis.

Those who remain out in the cold are the Arabs—Israeli citizens and occupied Palestinians alike. Scepticism over whether "the Jews" have got the right man, mingled with cynicism over their motives is widely heard.

"It's demagoguery. They do this sort of thing every few years to make people abroad feel sorry for Israel," says Mr Yussuf Shahin, a bank manager born in Ramla in the heart of modern Israel.

For the Israeli public at large, the guilt or innocence of Mr Demjanjuk, is not in question, although the trial looks like continuing for many months to come. For them what is important are the contemporary lessons about the need for constant vigilance and deterrence to be drawn from this re-enactment of the past.

Afghanistan after the Russians

Jostling to fill a power vacuum

By Edward Mortimer

WILL 1987 be the year of breakthrough in Afghanistan? Expectations were aroused at the beginning of the year by the unilateral ceasefire announced by the Government in Kabul (audibly prompted from Moscow) and by the approach of a new round of United Nations sponsored talks in Geneva between the Kabul regime and Pakistan, the country that hosts the main Afghan resistance groups.

In the event the talks came and went without a breakthrough but revealed that, on paper at least, only one issue remains to be settled: the length of time to be allowed for the withdrawal of Soviet troops. On this, the gap has narrowed: Pakistan' suggests seven months, and the Soviet Union wants 18.

Had this point been resolved, everything else was ready to be signed, as Mr Selig Harrison of the Carnegie Endowment for International Peace, pointed out at a symposium in Oxford last week.

Pakistan did not accept, because the quid pro quo is that all external assistance to the anti-communist Afghan resistance, the mujahidin, must cease as soon as the agreement comes into force. It is estimated that the mujahidin, suitably resupplied beforehand, can keep the Soviet troops at bay for up to a year without further outside help. Consequently, it is believed by some who know the Pakistani regime well, that as soon as the Soviet demand comes down below 12 months Pakistan wil accept.

Some, indeed, believe that Pakistan would have gone even further to meet Soviet demands were it not for pressure from the United States. As long as President Zia ul-Haq remains in power, Pakistan is unlikely to be seduced by Soviet offers to make up any loss of American aid and to act as broker for a non-aggression pact with India. So it has to keep in with the Americans, who certainly feel no inclination to concede anything that could be construed as a Soviet victory.

As Professor Zalmay Khalilzad, an American of Afghan origin now on the State Department's policy planning council, pointed out at the symposium, the Afghan cause commands "unanimous support in the American body politic" and constitutes one of those rare items in the foreign aid budget where the pressure from Congress is to do more rather than less.

That does not necessarily mean, however, that the US would block any agreement that might let the Soviet Union off its Afghan hook. Indeed there are those in Congress who suspect the Administration of willingness to sell out the mujahidin. That is firmly denied, but George Shultz, the Secretary of State, did say recently at a congressional hearing: "If you had a Soviet withdrawal that was front-ended and was fast. . . then you would have in place the freedom-fighters who have a level of armaments such that they could maintain themselves without being resupplied. . . [in which case] you would turn your resources in a different direction." — ie US aid need no longer take the form of weapons but could be devoted to humanitarian needs such as the resettlement of the refugees.

Thus the US implicitly accepts the Pakistani view that the mujahidin could make it on their own without outside help provided the Soviet withdrawal was "fast," but with the added rider that it should be "front ended," in the sense that the greater part of the withdrawal should occur in the early stages.

The Pakistanis apparently did not explore the phasing of the proposed withdrawal at the Geneva talks, though they may have done in direct contacts with the Russians.

Two things, closely related to each other, are striking by their absence in these negotiations: the mujahidin themselves, and the composition of the government which the Russians would leave behind. The mujahidin, while careful not to criticise their Pakistani hosts, are equally careful to emphasise that only direct talks between themselves and the Soviet invaders can resolve the conflict.

At the same time Mr Gulbuddin Hikmatyar, leader of the fundamentalist Hibz - i Islami (Islamic Party) to which Pakistan directs the largest quantities of cash and weapons, has said he is not bothered by any agreement which provides for Soviet withdrawal within a year, because "within a year I shall be in Kabul."

The assumption among the mujahidin, generally echoed by western governments, is that the present Kabul Government "would not last five minutes" once the Soviet troops were removed. The Russians are known to be anxious to see it broaden its political base, and with that end in view the Afghan Communist Party (PDPA) is offering to engage in direct talks with the resistance, which however refuses to accord it even that degree of legitimacy.

It is striking, though, that the Russians have not attempted to make their withdrawal conditional on any internal Afghan development. One can only guess that the reason they want a longer withdrawal period is to allow time for the Kabul Government to strengthen itself politically as well as militarily and that they will look for some success in the process of "national reconciliation" before agreeing to a shorter withdrawal timetable.

Meanwhile, the Oxford symposium — organised by the Refugee Studies Programme at Queen Elizabeth House — revealed that the mujahidin are in some danger of taking their victory for granted and embarking straight away on the struggle for power in postwar Afghanistan.

The representative of Hizb-i Islami reacted with extreme sensitivity to suggestions that the exiled king, Zaher Shah, still resident in Rome, might emerge an easy winner if free elections were held in the refugee camps. Elections should be held, he said, but only on the basis of parties, not individuals, and with proportional representation.

The Hizb's tactics, as the best organised and most monolithic of the resistance groups, are almost uncannily reminiscent of communist parties in Europe at the end of the Second World War — and it arouses equally intense hostility among its rivals.

It was extraordinary to hear the representative of another resistance group — the pro-Iranian Shia from the Hazarajat in central Afghanistan — accuse the Hizb of being supported by the CIA and challenge it, in so many words, to civil war if it attempted to take over Afghanistan after the Soviet withdrawal.

One could not help feeling that some chickens were being counted well before they hatched; and also that, if the Russians do withdraw, a "Lebanisation" of Afghanistan is all too likely. Indeed some critics say that this is what Pakistan, always haunted by the fear that a strong Afghan government would revive the old demand for Pakistan's North-West Frontier Province, really wants; and that that is why Pakistan has funnelled so much of the external aid to the Hizb-i Islami, the group with which other resistance forces find it hardest to co-operate.

Letters to the Editor

The financing of Eurotunnel

From Mr P. H. Wolton.

Sir, — The Eurotunnel publicity machine will soon be cranked into action for the forthcoming fund raising. The consortium faces an uphill battle, for the string of management changes on the British side since the autumn has only reinforced the initial scepticism of many institutions. But perhaps when targeting potential investors, less emphasis should be placed on institutions and more on the private investor.

In many respects Eurotunnel is a very exciting share if the project can be built on time and within budget. Once operational, the high fixed cost element coupled with growing revenues gives scope for very high dividend growth.

Eurotunnel could be an ideal investment for those who are not concerned about short-term performance, who are prepared to take an above-average risk profile, and who require income.

The private investor falls into the first two categories and might well take a more enlightened view than the institutions, except for the fact that the income from the investment will be heavily taxed.

I therefore suggest the Government should recognise that Eurotunnel is a unique venture capital project and that the shares bought by UK private investors in the sell off be granted special status equivalent to that of personal equity plans. All income and capital gain accruing to private investors would be tax free, but following first disposal the special status of the shares would cease.

By embracing the private investor with tax advantages, the chances of raising the British share of the required capital would be greatly enhanced. Such a carrot would also be more beneficial to Eurotunnel than offering shareholders concessions on fares.

Peter Wolton.
49 Nevern Square, SW5

Texan Frog

From B. A. Webb.

Sir, — Mr T. Boone Pickens is well known for attempts to take over other people's business, but you should not let him acquire the right to other people's jokes. The Frog-Story (Observer, March 31 1987) appeared in one of Chevron's magazines recently credited to James E. Lee, ironically chairman of Gulf Oil, when Pickens mounted his attack, and generally better known for a sense of humour.

B. A. Webb,
Obovej 6, DK-4200 Slagelse, Denmark.

Policy for exchange rates

From Mr W. Grey.

Sir, — You were right to demand (April 3) that frankness about exchange rate policy should begin at home — and not just, of course, because "it is possible that explicit targets for sterling would help reduce market volatility in the run-up to the general election."

Backed up, as they must be, by appropriate measures and the necessary self-discipline, they are more likely than would otherwise be the case to do so at all times — and not just "in a world where monetary targetry has fallen into disrepute." There was something circular about such targetry from the outset.

As it is, with the Chancellor on this subject seemingly—and perhaps not just because he was misunderstood — breathing hot and cold, it is natural for foreign exchange markets, which appreciate a firm hand and abhor a vacuum, to be at sixes and sevens. Finance ministers have only themselves to blame if financial markets occasionally kick over the traces.

W. Grey,
12 Arden Road,
London N3.

Trade balances and Japan

From Mr M. Pemberton

Sir,—It was interesting to read Mr Samuel Brittan's Economic Viewpoint article on Thursday, April 2. As current chairman of the Society of Motor Manufacturers and Traders Export Trade Committee, whose members exported no less than £5.25bn in 1986, we are aware of the effects of FOB-vs-CIF measurement as applied to the automotive industry. It is calculated that circa 15 per cent of the CIF value of imports is attributable to the insurance and freight element.

Trade Balance

(£ millions)	1985	1986
Export FOB	5046	5250
Imports CIF	7804	9138
Balance	−2758	−3888
Imports FOB (ie less 15%)	6633	7767
Balance FOB:FOB	−1587	−2517

Where Japan is concerned, the UK does have a significant trade imbalance of £1,195m and we should be rightly concerned. But it is small in relation to the EEC — where the deficit is four times that with Japan. This must be a serious cause for concern which I hope will be addressed in the near future.

	1985	1986
EEC	−3948	−4482
Japan	− 880	−1195
USA	800	979
Others	1270	810
Total	−2758	−3888

There is light on the horizon though. With more competitive exchange rates and new products, 1987 should see a considerable improvement in the UK automotive industries' performance.

With sourcing changes by Ford and General Motors, the launch of Austin Rover's 800 series in export markets, particularly the US, contributions by Peugeot at Ryton and Nissan in Washington, and Jaguar's achievements, the scene is set for the vehicle sector to reverse its decline.

The parts and components sector, on a FOB to FOB basis, remains in the black, with considerable action being taken to enhance current performance.

Max Pemberton,
Priors Cottage,
Priors Hardwick,
Rugby, Warwicks.

Profit-related pay and taxation

From Mr M. Landon

Sir,—Drs Saul Estrin and Sushil Wadhwani (April 2) referred to a survey of employee share schemes which I carried out on behalf of the Wider Share Ownership Council in 1985. As they stated, I found in that survey that, out of a sample of companies with profit-sharing share schemes which gave a cash alternative, less than 20 per cent of eligible employees chose shares in over 60 per cent of the companies. I repeated the survey in 1986 with similar findings.

However, it would be wrong to draw the conclusion from this that employees prefer cash to shares. Other findings of my 1986 survey were:

In those cases where take-up of shares was low, there had often previously been a cash-only bonus scheme which was replaced by a profit-sharing share scheme with a cash alternative. Many employees had become accustomed to receiving a cash bonus just before Christmas or their summer holidays and were therefore reluctant to forego this.

In two companies which gave no cash alternative in the first years of the scheme, over 60 per cent of eligible employees chose shares in later years, even after a cash alternative was introduced.

In schemes where there was no cash alternative, 88 per cent of the shares remained with the trustees three years after the appropriation date—even though the participants had been free to sell their shares (with an income tax liability) for a full year.

Again in schemes where there was no cash alternative, 77 per cent of shares were retained by employees at the end of five years, when they could have been sold with no income tax liability.

This evidence suggests that once employees have become familiar with the experience of owning shares, a substanial proportion will prefer them to cash, particularly if, as Dr George Copeman pointed out (March 26), there are greater tax advantages.

Michael Landon,
10 Buckingham Place, SW1.

The realities of education

From Prof Robert Harkness

Sir,—In your editorial today about higher education you state "a widely felt need is . . . a move away from a collection of producers co-operatives that are managed to too great an extent for the benefit of the teachers and professors." (As a garden is managed for the benefit of the plants?) to improve matters we are to have a central organisation, a Univeristy Funding Council to control what the universities do.

In this they will be represented presumably by vice-chancellors and people of similar status, and what sort of people will these be to be trusted to avoid fostering latter day ground nuts schemes, Brabazons and the like? Unless things change they will be mainly failed or burned out academics, with little if any imagination, coupled with a strong belief in their own importance and a tendency to justify their existence by bureaucratic reorganisation.

What do we really need? Surely, as we have in the past, to support a group of intelligent and responsible people personally concerned with the development of new knowledge, and to let them get on with what they think is important, and to be the sort of people who can cope with new circumstances when they arise. The whole history of science and not only science, is a long list of such people with new ideas that were ignored or opposed by people like those that will assuredly sit on this council; Lister, Pasteur, Darwin, Mendel, Heavyside and many, many others before and after right up to the present day when a Nobel Prize winner opens her Nobel lecture with a slide showing the letter she received rejecting for publication her first paper describing her discovery. What would this council have done to prepare to cope with the current problem of AIDS?

Robert Harkness,
Professor of Physiology,
University College,
Gower St, WC1

FINANCIAL TIMES

Tuesday April 7 1987

Tom Burns charts the growing division between political parties and trade unions

Stormy start to Spanish holiday

THE ODDS are against Spaniards being able to get away for their Semana Santa – holy week – holidays this week. A planned petrol station strike will be the final turn of the screw for would be travellers who, because of existing disputes, had already given up hope of reaching their destinations by train or by air.

Discomforts are by no means new. Since the beginning of the year hardly a day has passed without big city traffic jams caused by demonstrating students, or doctors and health service employees, or industrial workers, or farmers. The latter have even taken to bringing their tractors into town.

But curiously, despite considerable awareness of the strikes, there has been little public debate about the root causes and the implications of this unprecedented wave of labour unrest.

In private, however, senior government officials and the trade union leadership are coming to the conclusion that a watershed has been reached. For the first time since Spain's transition to democracy got under way a decade ago, political parties and trade unions are following divergent paths.

The Communist Party discovered this late last month when its trade union arm, Comisiones Obreras, voted against a general strike on April 31 and endorsed instead a mobilisation week which started yesterday. Mr Marcelino Camacho, Comisiones' leader since the union was created during the Franco years and a member of the Communist Party's executive for almost as long, lost the first formal vote of his trade union career.

The Communist Party and Mr Camacho had intended to push for a mass walkout at the end of the month. The union executive, while no less militant in its mood against the Socialist Government of Mr Felipe Gonzalez, decided on its own strategy.

The divergence between the governing Socialist Party and its fraternal union the Union General de Trabajadores (UGT) has been taking shape ever since Mr Gonzalez was re-elected for a second term in last June's general election. As the strikes have gathered pace it has become increasingly apparent that relations between the party and the union have hoplessly broken down and that the past conviviality may never be restored.

Comisiones Obreras has never held any illusions about Mr Gonzalez' commitment to building socialism. The union did, however, believe until recently that Communist Party tutelage would help to bend the Government's policies towards the left.

UGT's leadership, just as much as its rank and file, is now convinced that the thrust of Mr Gonzalez' policies is not so much to manage an economic crisis but to make capitalism more efficient.

Between 1982 and 1986, Mr Gonzalez' first term of office, UGT behaved fraternally and toed the line laid down by the Government's austerity policy. Union and party had, after all, been founded by the same man, Mr Pablo Iglesias, the grandfather of Spanish socialism, and 1982 marked the formation of the first all socialist Government in the country's history.

The union stood fast by the Government as unemployment climbed by almost 800,000 – by a bitter irony, the number of jobs Mr Gonzalez had pledged to create – as wage rises were pegged to below the inflation rate and the Government did an about-turn on Nato membership (in 1983 deputy prime minister Mr Alfonso Guerra had urged the union at its congress to campaign against Nato membership).

Tension yesterday focused on the town of Reinosa in northern Spain, which has seen bitter street fighting in protest against lay-offs at a local state-owned steel plant. Riot units of the Civil Guard cleared the railway line, which had been blocked over the weekend with concrete sleepers. A total of 35 people required treatment after weekend clashes, and 500 Civil Guards have been drafted into the town, which has a population of 13,000.

Spanish miners on the march recently

The evidently rocky marriage just about held together in last year's general elections as Mr Gonzalez gave an upbeat message, saying that the worst of austerity was behind the country and that growth was expected.

Last autumn UGT was suddenly confronted by two unpleasant realities. Word went out that public sector wage rises would have a ceiling of 5 per cent (inflation last year was 8 per cent and is currently 6 per cent) and Comisiones did well in elections to works committees in major companies. The makings of a divorce were in motion.

All Spain was able to see the crockery flying between the union and the governing party when UGT leader Mr Nicolas Redondo and Economy Minister Mr Carlos Solchaga debated furiously and with considerable ill-temper in a prime-time television current affairs programme earlier this year.

Mr Redondo, an austere Basque and one-time steelworker who earned a Franco prison record and has spent a lifetime in socialism, accused the dapper minister of framing an economy for bankers and multinationals. With a flourish worthy of a matador, Mr Redondo taunted Mr Solchaga: "Carlos, you've changed trenches."

Spanish Socialist radicals and moderates have been at loggerheads in the past but never before has there been a strict demarcation line that pitches the party against the union. The present confrontation is a wholly new experience that is potentially extremely damaging for Mr Gonzalez' Government.

The UGT, determined to discredit utterly Mr Solchaga and his policies, is at present committed to step up the pressure in unison with Comisiones for the duration of this month and right through to municipal, regional and European elections scheduled for June 10.

The next key date on the confrontation agenda is the Socialist Party conference at the end of the year where the all-too-familiar scenario of who rules – the unions or the parties – is building up.

UK likely to pull out of NH 90 helicopter project

By David Buchan in London

BRITAIN is likely to pull out of one of the three European military helicopter projects in which it is involved, as a result of a government review of requirements which has been accelerated to meet the pressing industrial needs of Westland, the UK's only helicopter manufacturer.

UK Defence Ministry officials said yesterday that the larger, 13 tonne EH 101 helicopters, which Britain is developing jointly with Italy for service in the early 1990s, were now considered better suited to UK troop-carrying and anti-submarine warfare requirements than the smaller, 8-9 tonne NH 90 helicopter being developed with four other European nations for the mid-1990s.

Thus, the UK is expected shortly to withdraw from the NH 90 (which stands for Nato Helicopter for the 1990s) project, leaving France, West Germany, Italy and the Netherlands in it. "It is unlikely we can take part, because we probably do not have a large enough requirement early enough – we would only need a few around the turn of the century," said one official.

The UK Government has promised to let Westland know by the end of this week the results of its recent helicopter review, and therefore what Government orders the company can expect over the next few years. At present Westland has no other helicopter production orders for the 1988-90 period.

This week's government announcement is expected to centre on the planned purchase of the utility or troop-carrying variant of the Anglo-Italian EH 101 helicopter, the first prototype of which is to be rolled out today at Westland's Yeovil factory in south-west England. The Royal Navy is already more or less committed to the naval version of the EH 101.

But a few more Defence Ministry orders for helicopters like the Lynx and Sea King, which Westland is currently producing, could be paid for out of savings from withdrawal from the NH 90 programme. The UK has spent very little so far on NH 90, which has only finished the feasibility study stage, but the UK share of full development could be between £50m and £100m ($80m-$161m).

However, the main reason for dropping out of the NH 90 project would be to sort out a muddle created in 1985, when Mr Michael Heseltine, the former Defence Secretary who was a keen protagonist of European collaboration, committed Britain to NH 90, at the very time that British Army chiefs were coming around to the view that they needed a larger troop transport.

The Royal Navy, for its part, has long been convinced it needed the bigger anti-submarine warfare helicopter represented by the EH 101, with the range and torpedo-carrying load to detect and attack modern Soviet submarines.

Britain, by contrast, remains committed to the light attack helicopter which it has agreed to develop with the Netherlands, Spain and Italy as a refinement of the latter's A-129 Mangusta, made by Agusta and known as the Tonal (after an Aztec god).

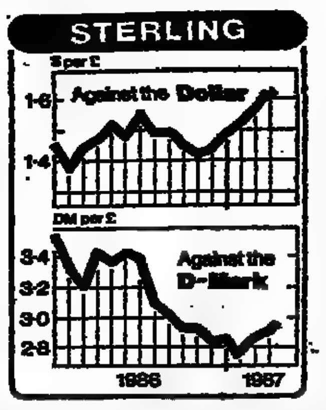
The French have suggested, following the recent patching up of their joint PAH 2 helicopter project with West Germany, that Britain join that project, but British defence officials believe the Tonal represents lower risk and better value.

Meanwhile, Boeing disclosed yesterday that before Christmas, in an effort to get Britain to buy more Chinook transport helicopters, it had offered to place offset orders in the UK worth one third of any Chinook purchase and to direct a high proportion of that offset to Westland, giving the company 12,500 man hours of work on every new Chinook bought.

THE LEX COLUMN

Big Oil, big stakes

Sterling's jump for joy yesterday after a couple of opinion polls favourable to the Tory Government hardly provides the sort of reliable basis necessary to persuade the authorities that another base rate cut is due. But this week's meetings of finance ministers might decide that defending the dollar requires further interest rate cuts elsewhere, and that is a rather more compelling argument.



US oil

Poker is a great American game. The poker game between British Petroleum and Standard Oil has now seen the first raise, with Standard's advisers First Boston claiming that BP's tender offer is over 20 per cent too low. Meanwhile the even bigger poker game between Texaco and Pennzoil appears to push the major player closer to bankruptcy than was ever thought possible. If it comes to that, then BP will not need to take over Standard to jump over Texaco in the oil industry league table. But more likely the Supreme Court reverse for Texaco will simply ensure that the eventual out of court settlement will be more on Pennzoil's terms.

First Boston's suggestion that BP should pay about $1.6bn more than it is offering for the Standard minority is based on some very jazzy recalculations of Standard's downstream earnings, and an apparent assumption that oil under the ground in Alaska is worth as much as the same oil in the lower 48 states. So it would be, if it did not cost such a lot to get the oil from the former to the latter, where the markets are.

The problem for Standard's independent directors is that, if they support the high oil price projections in First Boston's advice, they must explain why they voted for a corporate restructuring based on $15 oil. It is understandable that First Boston wants an acquisition-type premium for its client. The trouble is that BP already has control.

Eurotunnel

Following the distracting game of musical chairs at the top of Eurotunnel it is no doubt sensible that Alastair Morton's first important decision should be to push back the key equity-raising from July to November. However, most of the official reasons given for the pause – the bunching of the banking and railway agreements in June, the congestion in the UK and French equity markets, and the uncertainties of the parliamentary timetable – could, with a little foresight, have been divined months ago. Equity 2 investors were worried enough about construction risks; avoidable delays in the financial engineering can hardly inspire confidence.

But the dicision to beef-up the equity marketing team (with S.G. Warburg) is welcome. Appealing simultaneously to high-risk/high-reward investors and seekers after income stream requires more emphasis on the potential capital gains over seven to 10 years and less on internal rates of return over 55 years. With political risk now minimal (and assuming a banking deal is in the bag) perhaps the Japanese will not have to be called in after all.

Standard Chartered

When Warburg Securities stands in the market offering to buy Standard Chartered shares for Robert Holmes à Court's Bell Group there is not much chance of the market figuring out why. But few investors were ready to snap up the price being offered yesterday of 850p, cum a 22½p dividend, which was barely above the market price, without at least an attempt to second guess Holmes à Court's motives. The offer, designed to take Bell's stake from its current 10 per cent to just under 15 per cent, is still open. The feeling is that the Bell Group is in fact a seller of Standard, which would superficially argue for accepting the offer. But the market which is in any case nervous about taking money from raiders, dawn or otherwise believes that Bell is merely building a package of shares more readily disposable to a bidder, and so it is less surprising that the order was not filled.

It all serves to illustrate that Standard's share price has so little to do with the value of the underlying business, and so much with speculation, that there can be few independent long-term shareholders left. That is despite the apparent lack of a queue of bidders from the thin ranks of those who would be acceptable to the Bank of England. Lloyds Bank seems unwilling to renew its bid unless it is convinced of the agreement at least of the white squires, if not the Standard board too. And while there are plenty of buyers for parts of the Standard empire, they all want the same parts. Even if a bid comes, the price is unlikely to be much more than the current level plus a premium for the uncertainty and for an offer in paper rather than cash.

MAM

Somehow it is hard to believe that the sponsors of the flotation of Mercury Asset Management are bothered that the new shares hit an opening premium of 30 per cent to the 225p offer price. Since Mercury International was not selling any shares that it owned, it was not a question of leaving money on the table. Or at least not to the stock market. The real beneficiaries of what may be best described as a very conservatively priced issue are the directors. Aside from the more than 1m shares they applied for in the float, they also have options to buy over 4.7m shares at the offer price of 225p.

The parent's idea is presumably that the directors' wish to realise those sumptuous capital gains will keep them at MAM at least until the last of the option exercise dates. As for shareholders in the parent their views seem to be reflected in a share price that has remained congealed – despite the general surge in equities – since the terms of the deal were announced.

London plans to relay world share prices

BY DAVID THOMAS IN LONDON

THE London Stock Exchange is planning to launch a radically improved version of its Topic computerised share price information service based on a novel use of satellite technology.

The service, which is due to be launched within the next two months, will allow the exchange to offer more data, such as prices from all the world's leading stock markets, over its computerised information systems.

It is therefore likely to help with stock exchange plans to become the world's leading centre for the fast-growing market in internationally traded shares.

The new service is also designed to deal with capacity problems which are at present straining the exchange's ability to meet the growth in demand for Topic.

It is also intended to offer more efficient services, such as the more regular updating of prices.

Moreover, the stock exchange is talking to a North American company about the possibility of offering its new service in North America. This would pitch the stock market into headlong competition with international information companies, such as Reuters.

To provide the new service, the stock exchange will use circuits on one of the international communications satellite systems, believed to be Intelsat, to transmit data directly to Topic users.

This will be one of the most extensive and sophisticated private communications systems using satellite technology in the UK.

Most observers believe that British Telecom and Mercury Communications, the two telecommunications network operators in the UK, have a duopoly of satellite communications in Britain, although the law is not entirely clear.

However, the stock exchange has taken extensive legal advice in both London and Washington, where Intelsat is based, about its proposed new system, and believes that it does not conflict with any UK regulations.

US cuts back on Third World imports with duty-free status

BY OUR FOREIGN STAFF

THE US has dropped $4.7bn worth of products from the list of developing countries imports it grants duty-free treatment under a set of more rigid rules announced in January for the generalised system of preferences (GSP).

The tighter rules are regarded as evidence of the tough US approach to international trade policy, particularly towards the developing countries of the Pacific Rim.

They are designed to give the advanced developing countries a smaller share of the programme's benefits and to encourage Third World nations to institute intellectual property rights protection, such as copyright, and grant its workers the right to organise.

About $2.5bn worth of products were dropped from the programme as a result of the tougher rules. The annual review implements the new rules and drops additional products from the list on the grounds that they are easily competitive and do not need the benefits of the programme.

The new rules will exclude refrigeration equipment from South Korea, Brazilian mechanical shovels, Mexican elevators, and electrical appliances from Taiwan.

Mr Clayton Yeutter, the US Trade representative said the changes to the list "reflect the responsiveness of the GSP programme to a changing world trading environment."

The new list, which drops dozens of South Korean products including computers and data processors, was published shortly before the expected visit to Washington of Mr Chung In Yong, the South Korean Finance Minister. He will meet US Treasury officials who have urged a revaluing of the South Korean currency, the won.

A US trade official said GSP action was not, however, linked to the currency talks, since under the rules of the General Agreement for Trade and Tariffs (Gatt), preference schemes cannot require reciprocity.

The US Congress, however, has given the White House wide discretion to "graduate" products from the list and has laid down factors to be considered. These include the country's level of development, its recognition of intellectual property rights and its trade practices, including the rights it grants to workers.

In January, the trade representative took Romania, Nicaragua and Paraguay off the list on the basis of the worker rights requirement and said it would monitor worker rights in Chile for another year.

On the recent list Indonesia's eligibility was extended until 1987 on the basis of "progress" towards correcting its failure to protect foreign copyrights.

The US maintains on its GSP list about 3,000 products from 140 developing countries. Since the scheme was implemented in 1976, the value of imports has risen from $3.2bn to $13.9bn last year.

UK–French missile plan urged

Continued from Page 1

The report says that the previous administration had allowed a FFr 17bn ($2.8bn) backlog to build up in defence spending over the three years 1984-86 – notwithstanding the Government's claims that the defence budget was on schedule.

Revealing for the first time the hypotheses behind the present administration's FFr 474bn equipment expenditure plan over the next five years, it says that the nuclear forces will obtain FFr 161.4bn (34 per cent) and conventional forces FFr 312.5bn. The 40 per cent increase in defence spending over the period will push defence spending to close to 4 per cent of GNP.

Of the major programmes, the equipping of the strategic submarine fleet with the new multiple entry M4 missile will cost over the period FFr 21.8bn out of total expenditure on the M4 programme of over Fr 51bn. Purchase of the Mirage 2000 DA by the airforce will cost FFr 22.5bn between 1987 and 1991.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Dubrovnik	S	18	64	Malta	S	24	75	Rhodes	S	21	70
Algiers	S	23	73	Edinburgh	D	5	41	Manchester	D	9	48	Rio de J'o	D	23	73
Amsterdam	F	13	55	Faro	F	17	63	Manila	S	35	95	Rome	S	20	68
Athens	F	20	68	Florence	F	19	66	Melbourne	—	—	—	Salzburg	F	13	55
Bahrain	S	24	75	Frankfurt	F	14	57	Mexico City	—	—	—	San Francisco	S	17	63
Bangkok	S	35	95	Funchal	C	19	66	Miami	S	20	68	Seoul	R	16	61
Barcelona	S	17	63	Geneva	S	11	52	Milan	S	15	59	Singapore	C	32	90
Beirut	S	26	79	Gibraltar	S	18	64	Montreal	D	11	52	Stockholm	S	7	45
Belfast	C	6	43	Glasgow	C	5	41	Moscow	S	-1	30	Strasbourg	F	17	63
Belgrade	F	13	55	Guernsey	C	10	50	Munich	F	12	54	Sydney	S	27	81
Berlin	C	8	46	Helsinki	C	2	36	Nairobi	—	—	—	Taipei	S	25	77
Biarritz	F	20	68	H. Kong	D	21	70	Naples	S	23	73	Tangier	F	21	70
Bombay	—	—	—	Innsbruck	F	16	61	Nassau	S	22	71	Tel Aviv	S	20	68
Bordeaux	F	19	66	Inverness	C	7	45	New Delhi	S	36	97	Tenerife	C	20	68
Brussels	S	17	63	Islamabad	S	30	86	New York	R	15	59	Tokyo	C	20	68
Budapest	S	14	57	Istanbul	S	16	61	Nice	S	15	59	Toronto	—	9	48
B. Aires	S	26	79	Jakarta	D	30	86	Nicosia	S	18	64	Tunis	F	23	73
Cairo	S	24	75	Jersey	F	11	52	Oporto	D	13	55	Valencia	F	21	70
Cape Town	—	—	—	Jo'burg	S	29	84	Oslo	S	12	54	Venice	F	15	59
Caracas	C	29	84	Lima	S	26	79	Paris	C	17	63	Vienna	F	15	59
Casablanca	F	18	64	Lisbon	C	17	63	Peking	—	—	—	Warsaw	R	2	36
Chicago	S	11	52	London	C	14	57	Prague	R	14	57	Washington	—	—	—
Cologne	F	15	59	Los Angeles	C	21	70	Reykjavik	C	5	41	Zurich	S	14	57
Copenhagen	S	11	52	Luxembourg	F	14	57								
Corfu	S	20	68	Madrid	C	15	59								
Dallas	C	—	—	Majorca	S	20	68								
Dublin	—	—	—	Malaga	—	—	—								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Eurotunnel share issue delayed

Continued from Page 1

Mr Alastair Morton, British co-chairman of Eurotunnel, said yesterday that it was essential for agreement to be reached with BR and SNCF by end of this month to give the banks time to conclude syndication arrangements and complete the signing of the loan agreement with Eurotunnel in June.

The British parliament must also pass the Channel Tunnel Bill before the public offering can take place. Eurotunnel, with time pressing, clearly felt that the existing timetable was too tight

It has decided to move the equity issue back a few months rather than risk the embarrassment caused last July when it was forced to postpone at the last minute a planned £200m international share placing.

Eurotunnel struggled to achieve its £200m target when the issue eventually took place in October. Since then there has been a series of British boardroom departures, ending six weeks ago when Mr Morton replaced Lord Pennock as Eurotunnel's British co-chairman.

The appointment yesterday of the two S. G. Warburg companies as financial advisers and stockbrokers is seen as a further move by Eurotunnel to strengthen its team following the disappointing response, particularly from British institutions, during last October's placing.

Mr Morton claimed yesterday that the signing of the loan agreement with the banks and the passing of the Channel Tunnel Bill – now before the House of Lords – would provide a solid platform for this autumn's equity issue and would remove most of the doubts and uncertainties raised by institutions during the October placing.

The immediate task was to conclude the rail agreements with BR and SNCF, which would pave the way for the signing of the loan agreements with the banks.

"The railway usage agreement is fundamental. After long and complex negotiations, we consider it capable of being achieved quickly if the will of the railways and the governments to succeed matches Eurotunnel's," said Mr Morton.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday April 7 1987

BP's $7.4bn offer for Standard Oil 'inadequate'

BY WILLIAM HALL IN NEW YORK

BRITISH PETROLEUM'S $7.4bn cash tender offer for the minority of the shares of Standard Oil, its US affiliate, is "inadequate" according to First Boston, the New York investment bank advising Standard Oil's independent directors.

Standard Oil, BP's 55 per cent-owned US subsidiary, announced yesterday that its special committee of seven independent, non-executive directors, had received an opinion from First Boston which concluded that BP's $70-a-share cash tender offer is "inadequate from a financial point of view."

First Boston says it believes the "acquisition value of the public shares of Standard Oil excluding several sources of potential, significant additional value, is at least $85 per share." Standard Oil's shares, which have been trading at a premium since BP first announced its offer on March 28, rose by $⅝ to $71¼ in early trading yesterday.

Shortly after the disclosure of First Boston's opinion on the inadequacy of its offer, BP issued a statement saying that it had no intention of increasing the price or making any changes in the terms of its tender offer which expires on April 28.

BP and its investment adviser, Goldman Sachs, have reviewed First Boston's analysis of the BP offer and believe that First Boston's conclusion that Standard Oil is worth at least $85 per share is "ill-founded and incorrect."

The special committee, which is headed by Mr Douglas D. Danforth, the chief executive of Westinghouse Electric, noted yesterday that "it had taken no action, whether endorsement or rejection, of any sort, with respect to First Boston's opinion and comments or the BP tender offer."

The special committee has forwarded First Boston's opinion and related documents to BP and asked BP to provide First Boston with full access to the staff of Goldman Sachs and BP and their work relating to the offer. It hoped that these exchanges of information "would provide a basis for meaningful negotiations between BP and the committee."

While BP was quick to note yesterday that the independent directors had not yet taken an opinion on the adequacy of its offer, the First Boston opinion indicates that BP may face a long hard struggle in its battle to buy out the minority of the shares in Standard Oil.

Indeed, there is a possibility that Standard Oil might take some form of evasive action. First Boston said in its letter to Standard Oil's independent directors that it had reviewed on a preliminary basis actions which could be taken by Standard Oil in response to the BP offer.

Meanwhile, BP went to some lengths yesterday to dispute the First Boston analysis of the adequacy of its offer. BP stated that it and Goldman Sachs believed that significant areas of First Boston's analysis are "seriously flawed and based in key respects on unrealistic assumptions."

Chase to downgrade loans to Brazil

By Our Financial Staff

CHASE MANHATTAN, the US bank which has the largest exposure to Brazil, yesterday moved to downgrade the status of its loans to borrowers there.

The action, in line with similar revisions made last week by a few other large creditor institutions, follows Brazil's suspension earlier this year of interest payments on some $68bn in medium and long-term bank debt.

Chase said that in the light of uncertainty concerning the resumption of these payments, it was placing its $2.3bn in loans on "non-accrual status" with retroactive effect from January 1.

This would reduce first-quarter net income by about $31m, it added, including the reversal of interest not yet collected from 1986.

For the whole of this year, unless the country resumes servicing, Chase estimates the after-tax impact on its earnings at $120m based on current interest rates.

The bank said it had now become appropriate to record income on these loans only when cash payments came in, although its usual policy was to wait until such funds were 90 days overdue before switching the loans to non-accrual.

Chase similarly downgraded $280m in loans yesterday to borrowers in Ecuador, a decision which it said would reduce net profits by some $5m in the first three months and $15m for the year.

Anders Wall reshuffles empire

BY SARA WEBB IN STOCKHOLM

MR ANDERS WALL, the Swedish financier who controls the investment companies Investment AB Beijer and Investment AG Argentus, yesterday announced plans to shake up his business empire by merging the two in a deal worth SKr 3.2bn ($505m).

Argentus, which controls about 28 per cent of the share capital and about 30 per cent of the voting rights in Beijer, is bidding SKr 3.2bn in cash for outstanding Beijer shares.

If it acquires over 90 per cent of the shares, it will be renamed Beijer and reorganised into three main business areas – financial, trading and industrial – with an estimated total turnover of SKr 5bn, Mr Wall said.

Mr Wall, who currently owns 40 per cent of Argentus and 4 per cent of Beijer, plans to take over as managing director and group chief executive. One analyst described the announcement as "a power-motivated sorting out of the Wall empire."

The Wall sphere of companies controls 43 per cent of the votes and 38.4 per cent of the capital in Argentus as well as 36.5 per cent of the votes and 35.4 per cent of the capital of Beijer.

Argentus is offering SKr 230 for each Beijer share and SKr 126 per warrent, financing the deal chiefly through the realisation of part of its share portfolio. Beier shares closed at SKr 182 last week, so the offer represents a premium of 26 per cent.

Argentus plans to follow this with a share offer later in the year with Beijer and Argentus shareholders given preferential rights.

Mr Wall said that he wanted to increase his personal control over the companies and cut down on administration costs by running two essentially similar companies under one roof.

The reorganisation is meant to steer Beijer and Argentus away from being pure financial concerns so that the new company can apply to be taxed as an operating company at more favourable rates. Traditionally, investment companies have been more or less prevented from expanding through new share issues for tax reasons.

The new financial division, led by Mr Michael Hasselquist, would take over the existing Beijer and Argentus finance companies and interest in the corporate finance, options and stock broking fields, as well as the companies' share portfolios.

Mr Hasselquist said that the new company planned to increase its stock broking and options interests and "develop into some sort of financial services group."

Mr Wall said he planned further expansion in the trading and industrial divisions, within their existing fields. The two divisions would have an estimated turnover of SKr 4bn.

Argentus showed profits (after financial items) of SKr 180m on turnover of SKr 1.25bn last year while Beijer reported profits of SKr 416.7m on turnover of SKr 2.1bn.

Fermenta revises rescue move

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

FERMENTA was yesterday forced to drastically revise the terms of its financial rescue plan, further deepening the crisis surrounding the scandal-beset Swedish antibiotics and chemicals group.

The group said its expected losses for 1986 now totalled some SKr 570 ($90m) compared with a forecast deficit of SKr 500m presented less than four weeks ago.

As late as the end of October the group was still forecasting a profit of SKr 1.5bn after extraordinary items. The near collapse of the group has caused Sweden's biggest post-War business scandal.

Fermenta said the further deterioration in the group's financial position had forced yet another revision of the rescue package first presented in mid-February.

The price of the new shares to be issued as the major element in the rescue has had to be dropped to only SKr 4 per share compared with an initial price of SKr 20 announced in February. This was halved to SKr 10 per share last month, when the group told shareholders that losses for last year were now estimated at SKr 500m.

Mr Bertil Holmberg, Fermenta managing director since last month, said that new capital would be raised in two stages.

In the first step to raise SKr 250m some 62.5m shares will be issued at SKr 4 per share in a directed issue to Industrivärden, the investment company which is the largest shareholder in Fermenta, as well as Gotabanken and Nordbanken, Fermenta's biggest Swedish creditors, and a group of other institutions and companies.

More than half of this amount has already been paid in as an emergency measure to alleviate the group's most immediate liquidity crisis.

In a second and much more uncertain stage existing shareholders are to be offered 82.5m new shares at SKr 4 per share on the basis of five new shares for two existing shares. If this offer were to be fully subsribed it would raise a further SKr 330m.

Mr Holmberg said the new management estimated that Fermenta's substance value had fallen as low as SKr 250m at the end of 1986, and had since sunk further.

Two leading French merchant banks post sizeable advances

BY GEORGE GRAHAM IN PARIS

FRANCE's two leading merchant banks have unveiled sizeable profits. Compagnie Financiere de Paribas, the holding company of the recently privatised Paribas banking group, reported consolidated net profits of FFr 3.225bn, (C$537m) up 18 per cent from 1985.

Banque Indosuez, the main banking subsidiary of the Suez group, Paribas' main rival in France, raised its consolidated net profits by 32 per cent to FFr 827.5m.

Paribas said its net results, excluding minorities, showed a rise of 24 per cent to FFr 1.88bn. Operating results advanced only 3 per cent to FFr 1.083bn, but the group realised capital gains of FFr 595m, compared with FFr 303m the previous year.

The group said its operating earnings had been reduced by the FFr 280m which was its share of the losses of Credit du Nord, its retail banking subsidiary.

In addition, the result suffered from exceptional costs from the group's issue – while still in the public sector – of non-voting certificates of investment and from around FFr 100m of costs associated with its privatisation.

Paribas estimates its own net asset value at FFr 39bn, or FFr 21bn excluding minorities. The group's shares are trading at a premium of 16 per cent to this estimate.

Banque Indosuez also recorded sizeable capital gains last year, their contribution to net profits rose by 67 per cent, compared with a 24 per cent rise in operating earnings.

Mr Renaud de la Geniere, the bank's president and former governor of the Bank of France, warned that the current high rate of profits growth for French banks was not one that could be sustained.

"Let us not mislead ourselves by the very high level of these increases in profits. These results cannot simply be extrapolated from one year to the next" he said.

The group took advantage of its high gross profits to boost its bad debt provisions substantially to a total of FFr 5.2bn, up 36 per cent from 1985. Mr Antoine Jeancourt-Galignani, Banque Indosuez's managing director, said the additional provisions left the bank with an "honourable, but not yet sufficient rate of cover for sovereign debt risk, in relation to other French banks."

At the Banque Indosuez parent company alone, provisions were raised to FFr 1.14bn from FFr 713m in 1985, out of gross profits of FFr 1.8bn. Net profits of the parent company were up 37 per cent at FFr 352m.

Banque Indosuez will pay a dividend of FFr 198m, up 18 per cent from 1985, to its own parent, Compagnie Financière de Suez.

Suez still hopes to be floated before the end of the year, joining its rival Paribas in the private sector.

Benetton jumps ahead 17.5%

By Alan Friedman in Milan

BENETTON, the Italian casual clothes producer which last year made its debut on the Milan bourse, achieved a 17.5 per cent rise in 1986 group net profit, to L113bn ($86.9m).

Profit was struck on L1,079bn of sales, an increase of 22.7 per cent on the previous year. The group is forecasting total revenues for 1987 of between L1,250bn and L1,300bn.

The company, founded more than 20 years ago by Mr Luciano Benetton, said that last year was a difficult one for the Italian clothing industry. Some Italian companies in this sector are finding their exports less competitive in dollar terms because of the weakness of that currency.

Benetton said its total production grew last year from 35m to 45m garments, but that it followed a policy of keeping its prices "contained."

Exports accounted for 61 per cent ot total revenues. Some 70.5 per cent of sales were in Europe, 28.4 per cent in North America and 3.1 one per cent in other parts of the world.

GenCorp plans $1.62bn buyback

BY RODERICK ORAM IN NEW YORK

GENCORP, the Ohio-based industrial conglomerate which used to be known as General Tire and Rubber, has announced a $1.62bn share buyback and corporate restructuring in an attempt to thwart a takeover bid.

It will pay $130 a share for 12.5m shares, equal to 54 per cent of its outstanding equity, compared with an offer of $110 a share from an investment group led by AFG Industries and Wagner & Brown. Gencorp's shares soared $4 to $119 in heavy trading yesterday morning.

There was no immediate response from the bidders who will not receive preferential treatment in the buyback, GenCorp said.

GenCorp said the restructuring will focus the group on its core businesses, Aerojet General and DiversiTech General. Aerojet, a defence contractor in such areas as ordnance, rocket propulsion systems and electronics, had operating profits of $89 on sales of $881m in the fiscal year ended November, 1986.

DiversiTech, which earned $78m on $876m, makes primarily plastic products but also produces athletic equipment under the Penn trade name. It is the world's largest tennis ball maker.

Together the two core divisions accounted for $147m, or about 57 per cent, of fiscal 1986 consolidating operating profits and 40 per cent of the $3.1bn in sales. GenCorp said it expects them to earn about $150m in fiscal 1987 and $200m in fiscal 1988.

Caesars World outlines defence against takeover

By Anatole Kaletsky in New York

CAESARS WORLD, the Los Angeles-based casino company which is resisting a $1bn takeover bid from its largest shareholder, Mr Martin Sosnoff, plans to defend itself by raising $800m in junk bond borrowings and distributing the proceeds to shareholders through a special dividend.

The special dividend of $25 a share would wipe out the whole of Caesars World shareholders' funds and leave it with a negative net worth of around $700m.

However, the company said over the weekend, when it unveiled its "recapitalisation" proposals, that it would still expect to earn net income of $28.7m or 76 cents a share after the anticipated interest expenses and to receive an unqualified opinion from its auditors.

In early trading on Wall Street yesterday, Caesars World share price jumped $1¾ to $30⅝, well clear of the $28 a share on offer from Mr Sosnoff.

Junk bond financing for the recapitalisation is being arranged by Drexel Burnham Lambert, which said it was "highly confident" of placing the $800m of debt securities contemplated in the plan.

In addition Caesars World would raise $200m in new bank loans, which would be largely used to retire existing debts.

The company's daring defence plan is similar to a device used successfully last year by Holiday Corporation to escape the advances of Mr Donald Trump, the flamboyant New York property developer.

Dart withdraws takeover offer

By Roderick Oram in New York

DART GROUP yesterday withdrew its $1.7bn takeover offer for Supermarkets General, unleashing a further round of acrimonious comments between the two eastern US retail groups.

Dart, which is owned and run by the Haft family of Washington, said it was withdrawing its $45 a share offer, launched five weeks ago, because "we have not received a rejection or a counter offer", it said in a letter to its target.

It added, however, that it would maintain its stake and desire to purchase Supermarkets General "and we are prepared to compete to that end."

Dart said earlier that Supermarkets General had shown its books to more than 30 companies interested in buying it but had refused to negotiate with Dart.

INTERNATIONAL COMPANIES and FINANCE

German bank ahead

By Our Financial Staff

BAYERISCHE Hypotheken- und Wechsel-Bank reports improved parent bank profits for 1986 and says it plans to raise DM 500m ($277m) through a rights issue in warrant bonds.

The West German bank set no timetable for the funding move but said it would most probably be in two tranches. It plans to seek maximum flexibility in the type of bond to be issued.

Parent bank net profits rose from DM 184.1m to DM 200.6m for 1986. The dividend is to be maintained at DM 12.50 a share.

Bayernhypo said its parent bank balance sheet stood at DM 81.7m at the end of the year while the group as a whole had increased its balance sheet to DM 120.4m from DM 112.6m at the end of 1985.

Hachette shows advance of 27%

BY PAUL BETTS IN PARIS

HACHETTE, the leading French publishing group, reported yesterday a 27.3 per cent increase in consolidated net earnings excluding minority interests to FFr 215.8m ($35.9m) last year from FFr 169.5m the year before.

But profits were further boosted last year by special gains largely on the sale of Hachette's interests in the Compagnie Luxembourgeoise de Télédiffusion (CLT). This lifted total profits to FFr 405.8m last year compared with FFr 168m the year before after special one-time gains or losses.

Hachette sales rose by 28 per cent last year to FFr 14.7bn.

Hachette released its earnings for 1986 two days after failing in its bid to acquire control of TF-1, the leading French state television network to be privatised this month.

Hachette, long seen as the favourite in the battle for control of TF-1, was beaten by a rival bid from Bouygues, the French construction group.

However, Hachette does not intend to appeal the decision of the French communications commission CNCL to grant control of the television network to Bouygues.

Hachette has long sought to expand its interests in television broadcasting in an effort to become a leading international multi-media group.

Wessanen expects profits rise

BY OUR FINANCIAL STAFF

WESSANEN, the Dutch foods group which last month disclosed a 16 per cent increase in earnings for 1986, says profits for the first quarter of this year will continue to expand.

The group, which last December unveiled US takeovers worth $40m, is planning further acquisitions. It intends to stay active in the US and is seeking new outlets in Brazil and the Far East.

Last year, North America accounted for 34 per cent of group turnover, which dipped modestly to FL 3.7bn ($1.8bn), mostly as a result of the extreme weakness of the dollar.

In spite of reduced sales, net profits continued to climb last year, moving up to Fl 72.7m against the Fl 62.3m achieved for 1985. Wessanen says profits growth would have been around 30 per cent but for the weakness of the dollar.

Wessanen looks forward to US sales this year of around $700m, including around $126m from Balanced Foods and Green's Dairy, the two North American companies acquired at the close of last year.

Trading last year saw all divisions contribute higher returns.

Bertelsmann predicts higher earnings

BERTELSMANN, the West German publisher, will overcome the financial affects of last year's US purchases more quickly than expected, the company said yesterday, Reuter reports from Gütersloh, West Germany.

Confirming comments made by Mr Mark Woessner, chief executive, at the Hannover Fair, the group said net profits in the year to end-June 1987 would be above the DM 190m predicted last November, but below the previous DM 329m.

Group operating profits in 1986-87 of at least DM 560m, compared with DM 610m in 1985-86, would be some DM 25m marks higher than originally predicted.

In September Bertelsmann said it was buying US publishers Doubleday and Co Inc two weeks after it had taken full control of the RCA/Ariola interntional music company. The two deals involved a total investment of DM 1.6bn.

Mr Woessner said net profit in the first half of 1986-87, which did not include activities of the two US units, fell slightly to DM [illegible] from a previous DM 246m. Turnover rose to DM 3.99bn from DM 3.97bn.

Foreign sales fell on currency developments, but domestic sales rose 5.4 per cent. Full-year turnover would rise to around DM 9bn from the previous DM 7.6bn.

Mr Woessner said Bertelsmann expected positive financial contributions from Doubleday and RCA by the 1987-88 financial year, with Doubleday expected to make an operating profit of around DM 50m and RCA DM 108m.

Initial financial problems caused by the takeovers would not affect holders of Profit Participation Certificates (PPCs) who had been promised a 15 per cent payout over the next three years.

Apart from the PPCs, Bertelsmann's capital is privately held.

INTERNATIONAL COMPANIES and FINANCE

Murdoch adjusts plan for TV stake

BY BRUCE JACQUES IN SYDNEY

THE AUSTRALIAN media industry has continued its assets reshuffle with three more acquisitive moves from leading listed companies in the sector.

In the first move a subsidiary of Mr Rupert Murdoch's News Corporation has changed earlier plans and proposes to spend nearly A$150m (US$106.5m) acquiring a 15 per cent interest in Northern Star Holdings.

Northern Star is the company which, with the help of the Westfield Group, bought Mr Murdoch's two-station Sydney-Melbourne network for about A$800m earlier this year. The News group had originally planned to retain a 15 per cent direct interest in the television stations, but has now opted for shares in the holding company itself. Other large shareholders in Northern Star are Westfield Corporation with 45 per cent and Associated Newspaper Holdings of the UK with 10 per cent. The Australian public holds the remainder.

News acquired some of its shares at A$3.60 each, the same price paid by other shareholders in a placement in March. The rest are being bought on market. Northern Star directors also said the company would retain the 10 per cent direct stake in its television network which it had originally planned to sell.

They said there was now no need for sale because talks were well advanced with potential partners to form a national television network.

In the second move, Bond Media Holdings, the fledgling media empire controlled by Mr Alan Bond, the Perth businessman, has emerged with an interest of just under 20 per cent in Television North Queensland, a regional broadcaster.

The company owns and operates television stations in the tourist growth areas of Cairns and Townsville. These would represent a handy addition to the Channel Nine network, with stations in Sydney and Melbourne, which Mr Bond bought from Mr Kerry Packer, the Sydney businessman, in a A$1bn-plus deal earlier this year.

Bond Media bought the Queensland group's shares at prices up to A$6.50 each on the stock market in recent weeks.

In the third development, Brisbane-based Universal Telecasters, chaired by Mr Christopher Skase, has launched a A$50m bid for Mackay Television. Universal already owns television stations in Brisbane and on Queensland's Sunshine Coast and the deal would extend its interest further north.

Universal already controls nearly 20 per cent of its target and its offer is A$12 cash and 10 of its shares for each Mackay share — a value of about A$38 a share at ruling market prices.

Sydney utility in battle for resources group

BY OUR SYDNEY CORRESPONDENT

THE BATTLE for strategic petroleum assets in Australia has taken a further turn with a third suitor emerging for TMOC Resources, the former Moonie Oil Company.

Australian Gas Light Company, the Sydney-based utility, yesterday launched a bid worth about A$300m (US$219.9m), or A$4.75 per share. This compares with a A$4 a share cash offer for TMOC from Santos, Australia's largest onshore petroleum company, and worth about A$250m.

The offer from AGL, which already controls 10.5 per cent of TMOC, is one of its shares (which closed at A$8.50 in Sydney yesterday) and A$1 cash for every two TMOC shares. The offer is above the upper end of a valuation recently carried out on TMOC by MacQuarie Bank, its own adviser. Accepting shareholders will also participate in AGL's proposed one-for-one scrip issue.

AGL and TMOC are partners in the Alice Springs to Darwin natural gas pipeline in the Northern Territory. AGL is also the monopoly gas supplier to New South Wales, Australia's biggest market.

The TMOC bid is AGL's second major corporate move since its activities were effectively deregulated by the New South Wales Government following more than a century as almost purely a gas utility. Late last year the company bought a 27 per cent interest in Hartagen Energy, a major Queensland gas supplier.

The more aggressive AGL stance also follows the acquisition of a 42.5 per cent stake in the company by Mr Ron Brierley's Industrial Equity (IEL) in a bitterly fought contest last year. Although IEL was forced by the New South Wales Government to sell its AGL stake to a subsidiary, Australian Oil and Gas Corporation, and its voting rights are restricted, many observers see the influence of Mr Brierley in AGL's newfound acquisitiveness.

The AGL bid also offers the opportunity of a large profit for Elders Resources, which opened the bidding for TMOC three months ago with an offer of A$2.55 a share. *Elders has a* 19.3 per cent stake in TMOC which was acquired at prices believed to average around A$2 a share.

Elders also recently bought a further 3 per cent of another local petroleum group, Bridge Oil, taking its interest to just under 26 per cent.

Brunei set for Khoo court hearing

By Our Financial Staff

THE BRUNEI authorities have indicated their readiness to proceed to a full court hearing aimed at recouping loans which are allegedly outstanding to Tan Sri Khoo Teck Puat, the Malaysian-born financier, and five of his companies in the sultanate.

*Court officials said the defend*ants had until the end of this month to file submissions, after which a date for the court session would be set.

This follows the dropping of an application for summary judgement in the case. Shearson Lehman Brothers, the Wall Street investment bank, has meanwhile ceased to act as financial adviser to Tan Sri Khoo in his dispute with the government of Brunei.

Finnish group improves result

By Olli V. Virtanen in Helsinki

POHJOLA, Finland's leading insurance group, reports an improved result for 1986 with income before allocations up to FM 134m ($30.4m) or FM 4.50 ($1.02) per share. The corresponding figure for 1985, without taking into account changes in the Insurance Companies Act according to which pension insurance must be separated from non-life assurance in consolidated financial statements, was FM 2.61 per share.

Premium income grew by 12 per cent to FM 5.558m while claims incurred, excluding change in equalisation reserve of non-life insurance, totalled FM 4,951m, up 9 per cent from the year before.

Net income from investments and realised gains amounted to FM 1,706m an increase of 13 per cent. Operating expenses grew by 11 per cent to FM 579m.

Zimbabwe BTR unit shows fall

By Tony Hawkins in Harare

DUNLOP ZIMBABWE showed a 3 per cent fall in pre-tax profits year year to Z$11.2m (US$6.8m), as substantially reduced earnings from tyre operations were largely offset by improved results from other group activities.

The company, a unit of the British BTR group, said it had operated at only 80 per cent of capacity last year because of inadequate foreign currency allocations, and warned that reduced import quotas in the first half of 1987 could severely reduce profits.

New Straits Times continues decline

BY WONG SULONG IN KUALA LUMPUR

EARNINGS of New Straits Times (NST), Malaysia's largest newspaper chain, continue to deteriorate with first-half pre-tax profits to February falling 30 per cent to 8.8m ringgit (US$3.55m).

The decline would have been sharper if not for a 46 per cent increase in investment income to 6.5m ringgit. The fall in profits was largely the result of falling advertising revenues and higher operating costs.

Turnover fell 12 per cent to 80m ringgit.

Second-half results are expected to be "comparable" to those for the first six months. The interim dividend remains unchanged at 9 cents.

Since 1984, profits of the NST group have been adversely affected by the Malaysian recession, which contracted advertising revenues, and also from stronger competition from other newspapers.

The group recently announced a 108m ringgit diversification programme which would give it a 70 per cent stake in Sistem Television Malaysia, the country's only private and increasingly profitable television station, as well as a 20 per cent holding in Bank of Commerce and full control of an insurance company.

Sharp earnings setback at Malayan United Industries

BY OUR KUALA LUMPUR CORRESPONDENT

MALAYAN United Industries (MUI) has reported a sharp drop in earnings for last year and is cutting its final dividend to 5 cents per share from 14 cents.

Pre-tax profits at the diversified group fell 23 per cent to 53.3m ringgit ($21.3m) on turnover which increased marginally to 429m ringgit.

A higher tax charge, arising from unavailability of group tax relief, and a 7.3m ringgit valuation write-off on investments, net profits were only 2.6m ringgit compared with 18.1m ringgit previously.

The poor earnings were also attributed to losses incurred by the hotel division, and lower profits from property and cement manufacturing, although the banking and finance division recorded good growth in profits.

MUI has announced it is seeking a listing on the Kuala Lumpur Stock Exchange for its 99.9 per cent owned Malayan United Bank.

It has also been announced that Datuk Khoo Kay Peng, deputy chairman and chief executive of MUI, has sold 22m MUI shares, giving him a current stake of about 90m shares, or 26 per cent of MUI's equity.

A close associate of Datuk Khoo said the sale was designed to increase the spread of ownership of MUI so as to stimulate market interest in the group, but at the same time ensuring that Datuk Khoo retains effective control.

Among the major purchasers are United Industrial Corporation of Singapore and Perlis Plantations, which is part of the business interests of Mr Robert Kuok. Mr Kuok was recently appointed chairman of Multi-Purpose Holdings, the investment arm of the Malaysian Chinese Association.

● Faber Merlin, the Malaysian hotel and property group, has reported a bigger loss of 23.9m ringgit for the six months to December last year, compared with a loss of 13.2m ringgit previously.

Turnover fell 24 per cent to 60m ringgit.

● Shell Refining Company of Malaysia has reported a 20 per cent drop in after-tax profits to 31.6m ringgit for last year but is increasing its final dividend by 5 cents to 16 cents.

The company incurred a loss of 2.4m ringgit for the first six months, due largely to the fall in oil prices, but recovered strongly to record a profit of 34m ringgit for the second half, due to the recovery in oil prices, and better profit margins for refining.

Turnover well by more than 40 per cent to 1.05bn ringgit.

Hindustan Lever ahead

By R. C. Murthy in Bombay

HINDUSTAN LEVER, the 51 per cent Indian subsidiary of the Anglo-Dutch Unilever, lifted profits last year, boosted by stronger demand for soaps and detergents, the main line of its business.

Sales rose 15.6 per cent to Rs 7.14bn ($550.9m). Pre-tax earnings increased by only 14.8 per cent to Rs 677.6m, reflecting a squeeze on its margins. But profits after tax surged by a third to Rs 342.9m following a cut in corporate taxation.

The company announced a one-for-one bonus issue and lifted its dividend four percentage points to 34 per cent. Hindustan Lever shares responded with a gain of more than Rs 30 to close at Rs 204.

Dr A. S. Ganguly, the chairman, says liberal policies followed by the Government enabled the company to expand.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

World Bank $150m deal reopens Eurodollar sector

BY CLARE PEARSON

CREDIT SUISSE First Boston yesterday reponed the Eurodollar market after a week's closure with a $150m deal for the World Bank. The issue spurred on a slight improvement in prices of seasoned bonds, arising from hopes that this week's International Monetary Fund meeting in Washington would foster support for the dollar.

CSFB said that sentiment in the Eurodollar sector was still fragile, after sharp price falls last week, but it had seemed strong enough to absorb a liquid issue for a well-favoured name.

The World Bank's five-year 7 per cent deal, priced at 99¼, is interchangeable for trading purposes with an outstanding bond launched in January. At 98¼, the level of the total fees, the new bond yielded 27 basis points over US Treasuries.

Dealers said the new issue was accorded a positive response, though it was quoted at around 98.25 bid during the afternoon.

New issue managers in other sectors were concentrating on the Eurosterling market, where prices rallied by as much as ¾ points. The market was inspired by the firmness of sterling and the ruling Conservative party's commanding lead in the latest opinion poll.

Samuel Montagu was first off the mark with a £36m five-year 9¼ per cent bond for Aetna Life and Casualty, the US insurance company. The bond, described elsewhere in the market as "spot on," was priced at 101⅛ to provide an initial yield net of fees of 21 basis points over the reference gilt.

The issue was quoted at prices comfortably within its

INTERNATIONAL BONDS

fees, encouraging Warburg Securities to bring a £50m deal (with a further £25m on tap) for Investors in Industry Group. The seven-year 9⅜ per cent bond, priced at 101½, also met a firm response, trading at around less 1¼ bid, compared with 1⅞ per cent fees.

Gains in a number of world equity markets inspired a crop of equity-linked deals.

CSFB led a £100m deal for Consolidated Goldfields, the UK gold mining company. The coupon on the 15-year bond is indicated at between 6¾ per cent and 7 per cent and the conversion premium at between 12 per cent and 18 per cent. The deal was quoted at 101¾ bid, against a par issue price.

The response to CSFB's $75m 15-year deal for the Canadian oil company Ranger Oil — one of whose interests are in the North Sea — was rather more reserved. It was quoted at about 99 bid, compared with a par issue price. The indicated coupon was 6½ per cent to 6¾ per cent and the conversion premium set at between 20 per cent and 25 per cent.

PaineWebber International led a $75m 15-year bond for Atari, the US video game and microcomputer company. The coupon is indicated at between 5 per cent and 5½ per cent and the conversion premium at between 20 per cent and 25 per cent. It was quoted at prices close to its par issue price.

Two Euroyen deals emerged. Nomura International led a Y20bn eight-year bond for New Zealand. The bond, with a 4⅞ per cent coupon and 101½ issue price, was bid at around 99½, the level of its total fees.

Daiwa Europe meanwhile led a Y10bn five-year bond for State Bank of New South Wales which is redeemable in Australian dollars at an exchange rate of Y83.915. The 8 per cent bond was priced at 102½.

Chemical Bank International led a C$100m five-year 8⅞ per cent bond for Mitsui Finance Asia, guaranteed by the parent. No prices were available on the bond, which was issued at 101⅞.

Prices of D-Mark bonds were about ¼ points higher, helped by the firmer US Treasury market. Dealers said the narrow weekend victory of the conservative coalition in Hesse also aided sentiment.

The Bundesbank's average yield of public paper dropped to 5.38 per cent yesterday — its lowest level this year.

In Switzerland, prices were unchanged in average turnover.

Banque Paribas (Suisse) led a SFr 100m five-year bond for Nichiei, the Japanese lumber dealer. The five-year convertible issue has an indicated 1¾ per cent coupon.

$50m FRN for Colombia

THE REPUBLIC of Colombia signed in London yesterday a $50m floating rate note (FRN) issue, the first Eurobond issued by any Latin American country since the start of the debt crisis in 1982. Colombia is one of only two Latin American countries—the other being Paraguay—which have not had to reschedule their foreign debt.

Mr Mauricio Cabrera, director of public finance at the Colombian Ministry of Finance, said: "The success of this operation establishes the strategic framework for the country's fund raising activities in 1987. We plan to diversify and expand our fund raising and we'll be going back to the Euromarkets."

The placement of FRNs, which was arranged by Citicorp Investment Bank (Luxembourg) as sole underwriter, was priced at 1½ per cent over six-month London interbank offered rate. It has a final maturity in seven years, and there is a four year grace period.

Borrowing tax on Saudi banks abolished

By Stephen Fidler

SAUDI ARABIA has abolished a tax which increased the cost of borrowing overseas by the country's 11 commercial banks, in a move expected to open up new business for the hard-pressed Saudi institutions.

The tax was levied on 15 per cent of the interest paid on borrowings outside Saudi Arabia. It graduated to a maximum 45 per cent of that, depending on the amount being paid in interest.

It was introduced some years ago as one of a number of measures partly aimed at preventing the Saudi riyal becoming an internationally-traded currency.

The tax was meant to encourage Saudi borrowers to take loans from Saudi banks rather than pay the extra charges associated with borrowing abroad.

It also divided the inter-bank market in Saudi riyals, because, while Saudi banks could lend riyals to banks in Bahrain and London, they could not borrow them without paying this interest charge.

The Saudi authorities have not officially explained the reason for the move, but bankers in Saudi Arabia said yesterday they saw it as an attempt to increase the ability of Saudi banks to deal in sophisticated financing arrangements, such as currency swaps, which they now found difficult.

Saudi banks have had another year of poor earnings, with the oil-related problems of the Saudi economy making it a difficult environment in which to operate properly.

Seven-man Libra Bank team defects

A SEVEN-MAN team of senior merchant bankers from Libra Bank, the London-based consortium bank which specialises in Latin American business, has defected to Standard Chartered, Libra said yesterday.

The move appears to be an attempt by Standard Chartered to heighten its profile in the growing business of asset trading, where banks and others exchange loans and other assets, in which Libra has been prominent.

Four of the team are from Libra's London office, two from New York and one is based in Santiago. They are Mr Michael Milbourn, general manager, merchant banking, Mr Peter Sargeant, deputy general manager, and senior managers Mr Michael Brook and Mr Jean-Louis Dazin from London; Mr William D. Hayes, deputy general manager, merchant banking, and manager Mr Ian Tweedley from New York, and Chile-based assistant general manager Mr Hans Ostlund.

Libra, jointly owned by 10 international banks with Chase Manhattan of the US the largest shareholder with a 23.5 per cent stake, learned of the moves on Friday and has moved swiftly to fill the vacancies.

Among the changes, Mr Roger Freeman becomes general manager, merchant banking and Mr Philip Harvey has been promoted to deputy general manager with responsibility for asset trading.

Mr John Finch, Libra's general manager, banking, said the bank regarded Standard Chartered's move as something of a compliment. The bank, which employs about 150 people in London, had unusual depth in the asset trading field.

BZW opens up in Amsterdam

BARCLAYS de Zoete Wedd (BZW), the UK securities house, has opened a subsidiary office in Amsterdam, its first office in Continental Europe, Reuter reports.

The wholly-owned subsidiary of Barclays plc said the new company had been built on the parent company's former Dutch subsidiary Barclays K.

Barclays de Zoete Wedd Nederland will focus on trading in both Dutch and international equities and will develop a full range of investment banking services. It will initially employ 29, aiming to increase numbers to 35 by the year-end.

Barclays Bank has subsidiary companies active on the stock exchanges of Zurich, Milan and Paris which BZW plans to use to strengthen its presence in Continental Europe.

Sir Martin Jacombe the chairman of BZW said that, while international deregulation had turned London, New York and Tokyo into "pivotal points for trading across time zones, firms like BZW that seek to serve the world-wide financial community must have a presence in Europe, not just in the UK."

BZW currently employs some 2,000 staff in its offices in Britain, Hong Kong, Tokyo, New York and Sydney.

Clare Pearson and Tony Jackson on a sudden halt to fundraising

ICN Pharmaceuticals in retreat

ICN PHARMACEUTICALS, the US drugs company, looks as though it is on the retreat in the international capital markets, after attacking most of the principal currency sectors over the past year or so.

Last week Arab Banking Corporation-Daus, the expected lead-manager of a long-planned Deutsche mark bond issue, said it was delaying the deal. This follows a postponement, announced in February, of the company's introduction to the London Stock Exchange.

ABC-Daus said that the issue was being delayed pending a clarification of the company's acquisition plans. "We have to consider the interests of the bondholder and we cannot at the moment evaluate the growth potential of the share," the bank said.

ICN has launched eight convertible Eurobonds into four different markets over the past year with the aim of building up a "war chest" for the expansion of its activities in Europe.

"The aim of issuing in so many markets was to match our borrowings with the currencies we expect to use in the future," said Mr Daniel Axelrod, vice-president, ICN Europe. But so far the company has made no acquisitions in any of the countries whose capital markets it has tapped.

The secondary aim was to create an investor base in Europe, and for this reason ICN concentrated on issuing bonds convertible into its shares, or those of its subsidiaries, SPI—the marketing and manufacturing arm—and Biomedical, its biochemical division.

Convertible bonds were more appropriate routes into the European markets than direct issues of equity in the light of the volatility of ICN's shares. A convertible is a far more defensive instrument because its coupon payments are assured.

The chief reason for the shares' volatility is that ICN is the AIDS stock par excellence. Its drug ribavirin, which may have the effect of retarding the disease at an early stage in its development, is the only product of real importance in ICN's portfolio.

Most of the controversy attached to the company has to do with ribavirin, which ICN's founder, the Yugoslavian-born Mr Milan Panic, has put forward as a treatment for an extraordinary range of ailments since it was discovered 17 years ago. It is plainly an unusual drug, active against a wide range of viruses, but its use in the US is still only authorised for a rare disease in infants called respiratory syncytial virus.

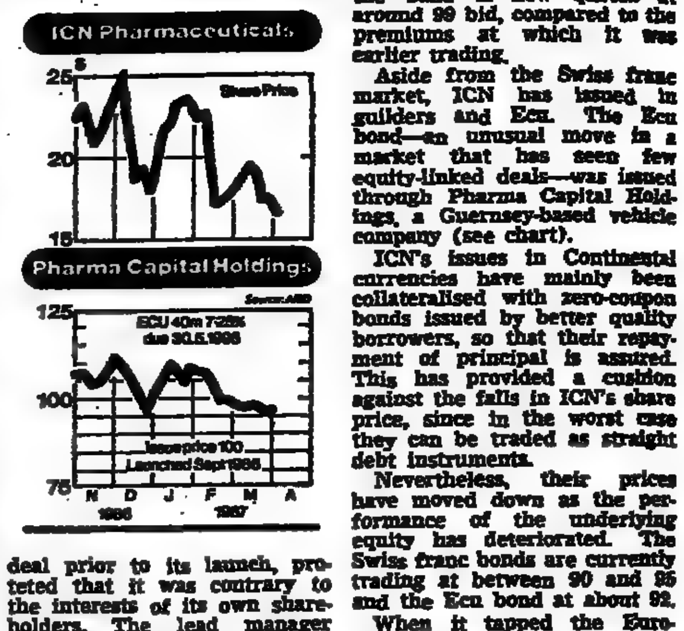
"From a starting point of being completely unknown, ICN has built up an incredible retail following in Europe," said J. Henry Schroder Wagg, the company's UK merchant bankers.

Its issuing activity has been something of a tour de force, not only in terms of the number of markets it has used but also of the inventive—and sometimes controversial — issuing structures it has employed.

The Swis franc foreign bond market has been the main focus of ICN's activities. In 1985, it launched the first dual-share convertible bond seen in Switzerland. It could be exchanged for shares of either ICN or SPI. This meant that the investor could either choose the New York-listed ICN shares, which have not so far paid cash dividends, or the dividend-paying SPI shares, which are traded on the over-the-counter market.

This year ICN has gone further down the path of innovation, launching a bond convertible not only into its own shares but also bearer shares of Ciba-Geigy, the Swiss pharmaceuticals company.

This issue proved highly controversial. Ciba-Geigy which had not been informed of the



deal prior to its launch, protested that it was contrary to the interests of its own shareholders. The lead manager meanwhile declined to disclose where it had obtained the Ciba-Geigy shares.

The bond was launched not by Banque Gutzwiller, Kurz, Bungener, ICN's usual lead manager in the Swiss franc foreign bond market, but by E. Gutzwiller, a bank partly owned by members of the Gutzwiller and Bungener families, and Fintrelex, a recently established finance company.

From the investor's point of view, however, the bond proved highly attractive as an instrument combining the speculative aspects of ICN with the security of Ciba-Geigy. This has meant that its price has proved resilient despite the volatility of ICN's share price, although the band is now quoted at around 99 bid, compared to the premiums at which it was earlier trading.

Aside from the Swiss franc market, ICN has issued in guilders and Ecu. The Ecu bond—an unusual move in a market that has seen few equity-linked deals—was issued through Pharma Capital Holdings, a Guernsey-based vehicle company (see chart).

ICN's issues in Continental currencies have mainly been collateralised with zero-coupon bonds issued by better quality borrowers, so that their repayment of principal is assured. This has provided a cushion against the falls in ICN's share price, since in the worst case they can be traded as straight debt instruments.

Nevertheless, their prices have moved down as the performance of the underlying equity has deteriorated. The Swiss franc bonds are currently trading at between 90 and 95 and the Ecu bond at about 92.

When it tapped the Eurodollar market last September, ICN dispensed with the collateral as this is a more sophisticated market, used to issues by less well-known borrowers. Most of this issue is believed to have been sold into the United States.

MoF changes Tokkin fund accounting rules

BY YOKO SHIBATA IN TOKYO

THE MINISTRY of Finance has instructed Japanese city (commercial) and other banks to switch to "the lower of cost or market" accounting method from the current "acquisition cost method," in appraising their stock investments through Tokking specified money trusts.

Adoption of the new accounting method is intended to discourage the banks from investing Tokkin funds in excessively speculative stocks. The change will take effect with publication of their first-half (April-September) results

The MoF has also urged banks to adopt the same accounting method in assessing profits or losses on their holdings of bonds and other securities through Tokkin accounts, if they already use it for such investments made through ordinary investing accounts.

At present, banks must use the lower of the acquisition cost or the current market price for their ordinary investment accounts, but are allowed to choose between this and the cost method for Tokkin investments.

Since most banks are using the cost method for equity investment through Tokkin accounts, the latent valuation losses suffered when market prices fall below their acquisition costs do not show up on the balance sheet

This enables banks to conceal such losses and can result in their profits being made to look better than they actually are. The MoF is concerned that sound management of banks could be undermined if higher dividends are paid out at the same time that latent valuation losses on Tokkin funds' investments remain concealed

Japanese life companies, under guidance from the MoF, have already switched to the lowest accounting method with effect from the 1986-87 financial year which ended on March 31.

In return for the industry adopting more rigourous accounting rules, the ministry has raised the ceiling on life and non-life insurance companies' stock investment via Tokkin account from 3 per cent to 5 per cent of the total investment assets effective from this month.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.57
A/S Eksportfinans 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Austria 7⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅛ 95	[illegible]	[illegible]	[illegible]	0	0	[illegible]
CCCE 7⅛ 91	[illegible]	[illegible]	99	[illegible]	[illegible]	7.44
CNCA 7⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Citicorp 8⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 9⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Denmark Kingdom 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 8⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
EIB 7⅛ 93 A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7½ 93 B	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.21
Finland 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 10½ 91	[illegible]	[illegible]	[illegible]	0	0	[illegible]
Ford Motor Cred. 11⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Gen. Elec. Cred. 10⅛ 00	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Hoesch 7⅛ 92	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Hoesch 7⅛ 94	[illegible]	[illegible]	99	[illegible]	[illegible]	[illegible]
Hoesch 8⅛ 97	[illegible]	[illegible]	99	0	[illegible]	[illegible]
Liberty Mutual 8⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
LTCB of Japan 8 91	[illegible]	101	[illegible]	0	[illegible]	[illegible]
LTCB of Japan 8 97	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Mercds.-Benz Cred. 7⅛ 95	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Merrill Lynch 8⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Mitsubishi Fin. 7⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mutual America 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway Kingdom 7⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepsico Inc. 7⅛ 93	[illegible]	[illegible]	[illegible]	0	[illegible]	7.77
Qantas Airways 10⅛ 95	[illegible]	[illegible]	112	[illegible]	[illegible]	[illegible]
Queensland Govt. 10⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ralston Purina 11⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saab Scania 9⅛ 91	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Saskatchewan 10⅛ 92	[illegible]	[illegible]	[illegible]	0	0	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.78
Denmark, Kingdom 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.66
EEC 4⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EuroFima 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom 5⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change on day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14⅛ 90 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bank 15 90 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BHF Bank 14⅛ 92 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BHP Fin. 14⅛ 92 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutsche Bk. 14⅛ 92 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EuroFima 14⅛ 90 A$	[illegible]	[illegible]	101	[illegible]	0	[illegible]
Montedison F. 15½ 90 A$	[illegible]	[illegible]	[illegible]	—	—	[illegible]
World Bank 14⅛ 92 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅛ 90 C$	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Chrysler Corpn. 10 91 C$	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Genstar Fin. 11⅛ 95 C$	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
GMAC 9⅛ 92 C$	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Royal Trustco 10⅛ 90 C$	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Sears Acc. 10⅛ 92 C$	[illegible]	[illegible]	107	[illegible]	[illegible]	[illegible]
Coca-Cola F. C. 17 90 NZ$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 17⅛ 89 NZ$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever Cap. 17⅛ 89 NZ$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 9 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅛ 91 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅛ 95 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 8⅛ 94 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 91 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mort. Bk. Denmark 6 91 Fl	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Thyssen 7⅛ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wessanen 6⅛ 90 Fl	[illegible]	[illegible]	[illegible]	0	0	[illegible]
American Brand 9½ 94 £	[illegible]	[illegible]	[illegible]	+1	[illegible]	[illegible]
Deutsche Bank 9⅛ 97 £	[illegible]	101	[illegible]	[illegible]	[illegible]	[illegible]
Halifax Bld. Soc. 10⅛ 97 £	[illegible]	[illegible]	[illegible]	+1	[illegible]	[illegible]
Imp. Chem. Inds. 10 03 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Chem. Inds. 10⅛ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Invst. in Inds. Int. 10 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Securities 9⅛ 07 £	[illegible]	[illegible]	[illegible]	—	—	[illegible]
Leeds Bldg. Soc. 10½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS: [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carlsberg 5 96	[illegible]	†101½	101¾	+0½	+0¼	4.76
Chujitsuya 5¼ 94	50	†103	103¾	+1	−0¼	4.85
Deutsche Bk. Fin. 5⅛ 95	100	†104	104½	−1½	−2	4.72
EIB 4⅝ 97	200	†97½	97¾	+0⅛	+0⅛	4.95
Glendale F. S. & L. 5½ 95	100	†102½	103	−0¼	−0¼	5.08
Humana 5⅛ 96	120	†99	99¼	+0⅛	0	5.23
Industrial Credit 5¼ 96	75	†100¼	100¾	0	−0½	5.66
Japan Dev. Bk. 5⅛ 97	100	†101½	101¾	−0½	−1	4.92
Oberos. Kftwk. 5⅛ 95	100	†104	104¼	+0¼	0	4.73
Olivetti Intl. 5½ 95	200	†104	104¼	+0⅛	−1	4.88
Pepsico 5¼ 95	130	†107	107¼	0	+0⅛	4.17
Prov. of Manitoba 4⅞ 94	200	†102	102¼	0	−1½	4.41
Ralston Purina 5⅛ 94	125	†103¾	104	0	0	4.75
Settsu Euro. 0 02	200	†46½	47	+0¼	−0¼	5.59
Tohoku Elec. Pwr. 4⅞ 96	150	†99¾	99½	0	+0½	4.95
USX Corpn. 5¼ 98	100	†95½	96	+0⅛	+0⅛	6.38
World Bank 5⅛ 94	150	†105	105¾	−0¼	+0¼	4.87

Average price change on day −0⅛ on week −0⅛

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

UK COMPANY NEWS

Travis & Arnold hits £12m and encouraged by outlook

Travis & Arnold, supplier of timber, building and plumbing materials to the construction industry throughout the Midlands and south of England, raised its profits for 1986 to £12.2m pre-tax, an improvement of 48 per cent over the previous year's depressed £8.24m.

The company made a satisfactory start to the current year and said yesterday that the general outlook for its markets was encouraging.

The improved 1986 results were due principally to an increased demand for building materials and higher net margins. Turnover rose to £174.53m (£150.12m).

Tax accounted for £4.41m (£3.25m) and left earnings per 25p share at 22p (14.3p).

A final dividend of 4.125p raises the total to 5.2p (4.26p adjusted).

A revaluation of the freehold land and buildings resulted in £8.7m being transferred to the revaluation reserve.

● comment

The acquisition of Kennedy gave Travis & Arnold a nasty knock in 1985 when the purchase failed to match up to expectations, so it seems only appropriate that a turnaround at Kennedy's should enable the builders merchanting group to produce results ahead of the market's forecasts. In the midst of a residential housing boom, any builders merchants worth its salt should be raking in the profits — but it is good to see the benefits coming from cost control, boosting net margins to 6.3 per cent, rather than a vast speed of branch openings. With further property profits to come this year and more rationalisation benefits at Kennedy's, pre-tax profits should edge up to £15m. With cash of around £6-£7m, Travis might even be tempted to make a further acquisition and the prospective p/e of 11, on a share price of 303p does not overstate the growth prospects.

Avana aborts white knight talks

BY NIKKI TAIT

Avana, the Welsh food group which is facing an unwanted £280m bid from Ranks Hovis McDougall, yesterday announced that talks with several potential white knights had proved abortive.

Last week, Dr John Randall, Avana's chairman, suggested that contacts had been re-established with three of the four companies which had approached Avana in the past — one British, one American and one French.

Dr Randall is believed to have travelled to Paris at the weekend to see the French company, but said yesterday that the time-scale had proved too short.

In addition, any white knight would face the obstacle of near-31 per cent holding amassed by RHM.

The Avana board, which met to discuss the position yesterday afternoon, said it would write to shareholders shortly giving its advice on RHM's revised offer.

This had already been declared final, and was due to close on Good Friday, April 17.

In its formal offer document for the increased terms, RHM reiterated that the merger made commercial sense and said that its stake in Avana now stood at 30.9 per cent.

Shares in RHM added 5p to 309p on the news: Avana lost 8p at 797p.

Hazlewood buys Creamery Fare

Hazlewood Foods, the fast-growing foods group, has hit the acquisition trail again. It is buying Creamery Fare Continental Ice Cream for a minimum of £1.5m—its 26th acquisition since April 1985.

The consideration will be satisfied by the issue of 745,000 Hazlewood ordinary shares and further payments, of up to a maximum of £500,000, will be payable dependent on future profits performance.

The Creamery Fare management has warranted that profits for the year ending March 31, 1987 will be not less than £250,000. Creamery's net assets are valued at £790,000.

Honeysuckle for USM with £9m valuation

BY PHILIP COGGAN

Honeysuckle Group, a ladies fashion company, is joining the Unlisted Securities Market via a placing giving it a market capitalisation of £9m.

The Leeds-based group imports jumpers, T-shirts and trousers, made to its own design, from the Far East and sells them to a range of retailers including Etam and C and A.

In the last financial year it made pre-tax profits of £683,000 on turnover of £9.03m and is forecasting profits for the year ending May 31 of £1.2m.

Honeysuckle grew out of a market stall started by husband-and-wife team David and Linda Serr in 1972. Eventually they sold the business to Brown and Jackson in 1980 but the relationship proved unsuccessful and the Serrs launched a management buy-out in 1983 for £342,500.

The Serrs will retain 67 per cent of the equity after the placing. They are selling 2.06m of the 2.68m shares on offer with the rest of the proceeds being used to finance expansion.

At the placing price of 112p the shares are on a prospective p/e of just under 11, and the gross dividend yield, based on the indicated annual net dividend of 4.1p, will be 5 per cent.

Cannon St triples and beats forecast

Cannon Street Investments, the fast-growing USM-quoted industrial holding company, more than tripled its pre-tax profits to £3.15m, beating the profits forecast made at the time of its January rights issue.

Turnover for 1986 rose by 83 per cent from £16.45m to £30.16m, and earnings per share from 7.52p to 14.1p. A final dividend of 1.5p, is being recommended, making 4p for the year, compared with 1.5p in 1985.

Directors said the most recent acquisitions had been absorbed smoothly and management reports for the current year's first three months were satisfactory. The company expected another year of sustained development and growth.

Cannon's declared policy is to build operating groups which may eventually form independently quoted business entities. It has investments in food and catering services, construction, engineering, laboratory equipment and consumer electronics.

In January the company announced a one-for-three rights issue which raised around £16.2m. The creation of its new Consumer Electronics group and furthering its interests in foodstuffs and construction took about £9.5m.

Tax took £468,000, compared with a credit of £13,000 in 1985.

● comment

After a boom and crash period in the 1970s, Cannon Street emerged back on to the USM in 1984 and set about building a classic mini-conglomerate, complete with tight financial controls and earn-out provisions, but with the added twist that the divisions will eventually be floated off on the market. At the moment, only food and catering and construction are of a decent size—they contributed around £1m each last year—but Mr Hislop does not foresee a float of either until 1990. In the meantime, all five divisions will be strengthened by further acquisitions while Cannon has the cash, boosted by a recent rights issue, to do so. This year should see more organic growth—65 per cent in 1986—and full year contributions from last year's purchase will push pre-tax profits to around £9.5m. Even despite a tax charge set to rise to around 32 per cent from 15 per cent last year, the prospective p/e is only 12 at yesterday's close of 237p—not demanding for a group recently voted USM company with the most potential.

Watts Blake up to £5.5m

Watts Blake Bearne & Co, producer of ball and china clays, lifted pre-tax profits from £4.6m to £5.5m on turnover up from £28.29m to £31.99m in 1986.

The chairman said that the outstanding features of the year had been the substantial improvements in profitability of the group's operations in West Germany and its UK china clay operations.

He added that the start of 1987 had proved to be encouraging and he anticipated another successful year.

The acquisition of the Kannenbaeckerland body-preparation plant in West Germany for DM 10m (£3.5m) was completed on January 2 1987.

Tax took £1.62m (£1.6m) and earnings worked through at 19.10p, up from 15.16p.

The proposed final dividend is 3.68p (3.125p), making 5.3p (4.6p) for the year.

UNITED PACKAGING says it is not aware of any reason for the recent sharp increase in the share price.

COMPANY NEWS IN BRIEF

NORTH BRITISH Canadian Investment is paying a final dividend of 5.3p for rent total of 7.45p year ended February 28 1987 (6.85p). Gross income £861,000 (£817,000) and net earnings 7.46p per share (7.13p). Net asset value per share at year-end was 390.5p (290.8p year earlier).

RENWICK GROUP (boat builder and coal trader): Pre-tax profit up 61 per cent at £4.11m (£2.55m)) for 1986 on turnover down at £32.31m (£42.74m). Earnings per share at 26.6p (18.8p).

GARNAR BOOTH achieved turnover £84.9m in year ended January 31 1987 (£89.68m) and gross profit £9.9m (£11.2m). Pre-tax profit £1.57m (£2.53m). Second interim dividend of 6.65p as intimated in agreed offer by Pittard Group.

BEAUFORD GROUP (manufacturer of heavy machine tools and plant): Final dividend 2.5p making 3.5p (2.625p adjusted) for 1986. Turnover £10.17m (£9.69m) and pre-tax profits £1.05m (£818,270). Tax £396,232 (£326,590). Earnings per 10p share 10p (7.6p). Order book strong for current year.

BRITISH ALCAN Aluminium, subsidiary of Alcan Aluminium of Canada, achieved turnover of £636.9m in 1986 (£628.5m), operating profit £52.6m (£64m) and pre-tax profit £35.8m (£48.5m). Directors said second half profit at £18m was encouraging and contrary to normal seasonal trend.

STANLEY MILLER (building contractor) stayed in profit in second half to produce £150,000 pre-tax for 1986 (loss £6,000) on turnover £24.56m (£26.32m). Earnings 2p (loss 0.5p) per share and final dividend 0.75p for total 1.25p (1p) net.

EDINBURGH OIL & GAS (USM oil and gas explorer, producer and investor): No dividend (nil) for 1986. Turnover £350,000 (£496,000), and pre-tax loss £710,000 (£151,000). Tax credits £3,000 (£5,000 debit). Extraordinary charge £117,000 (nil). Deficit per share 6.51p (1.46p).

SHARES in Westwood Dawes, the troubled mechanical handling engineer, were suspended at the company's request pending completion of a substantial acquisition and the final arrangements for a rights issue. Westwood returned a £298,000 loss to September 1986, compared with 1985's profits of £101,937.

BOARD MEETINGS

TODAY

Interims:—Adwest Group, Klark Teknik, Penine Resources, H. Young.

Finals:—Alexandra Workwear, Ash and Lacy, Aspen Communications, T. Clarke, Cowells, Fitch and Co. Design, Friendly Hotels, Hollis, Home Counties Newspapers, Kleinwort Benson Sterling Asset Fund, Marlborough Technical Management, Metsec, More O'Ferrall, New Court Trust, Riley Leisure.

FUTURE DATES

Interims:—

Brown Shipley Sterling Bond Fund	Apr 9
Brown Shipley International Currency Fund	Apr 9
Fre State Consolidated Gold Mines	Apr 23
New Central Witwatersrand Areas	Apr 15
Orange Free State Investments	Apr 23
Pineapple Group	Apr 8
Rand Mines	Apr 13
Royal Insurance	May 14
Transvaal Group Gold Mining	Apr 21
Welkom Gold	Apr 23

Finals:—

Barham	Apr 14
Barr and Wallace Arnold Trust	Apr 28
British Gas	Jun 17
Cluff Oil	Apr 10
East Rand Gold Uranium	Apr 23
Gates (Frank G.)	May 27
Lilleshall	Apr 23
Lodge Care	Apr 8
Mowlem (John)	Apr 13
Tarmac	Apr 27
Royal Insurance	May 14

Akzo nv Arnhem Holland

The annual general meeting of stockholders will be held on Tuesday, April 28, 1987, at 2:30 p.m. in Musis Sacrum, Velperplein, Arnhem, the Netherlands.

Facilities for simultaneous translation into English are available.

Agenda

1 Opening
2 Report of the Board of Management for the fiscal year 1986
3 Approval of the financial statements; consideration of the dividend proposal
4 Determination of the number of members of the Supervisory Council; appointment of members of the Supervisory Council
5 Appointment of a member of the Board of Management
6 Proposal to designate the Board of Management as entitled to issue shares and to restrict or disregard the preemptive rights of stockholders
7 Proposal to authorize the Board of Management to acquire shares in the Company on behalf of the Company
8 Any other business

Re item 4:
It is proposed that H.G. Zempelin be appointed to the Supervisory Council. The stockholders will therefore be asked to increase the membership of the Supervisory Council by one and fix it at 10.
F.H. Fentener van Vlissingen, A. Herrhausen, and O. Wolff von Amerongen will be nominated for reappointment.

Re item 5:
It is proposed that J.W. Berghuis be appointed to the Board of Management.

Re item 6:
This proposal concerns the designation of the Board of Management, for a period of 5 years, as entitled:
a) to issue, and to grant rights to take up, the ordinary shares not yet issued;
b) to restrict or disregard the preemptive rights which the law accords to stockholders upon the issue or the granting of rights by virtue of a) insofar as shares are concerned which are issued pursuant to a resolution of the Board of Management.

Re item 7:
This proposal concerns the authorization of the Board of Management, for a period of 18 months, within the limits provided by the law and the articles of association, to acquire for a consideration shares in the company at a price not in excess of market value.

The agenda, the signed financial statements, as well as a list of personal data on the nominees for the Supervisory Council are available for inspection by stockholders at the Company's office, Velperweg 76, Arnhem.

There and through the undermentioned banks stockholders may obtain free copies of the aforesaid documents as well as a free copy of the annual report.

Stockholders who wish to attend the meeting should deposit their shares in order to establish their identity not later than Wednesday, April 22, 1987 at the Company's office, Arnhem, Velperweg 76, or with one of the following banks:

in the Netherlands with Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope NV, Nederlandsche Middenstandsbank N.V. and Pierson, Heldring & Pierson N.V. in Amsterdam, Rotterdam, The Hague and Arnhem, insofar as said banks have branches in these cities, and with Rabobank Nederland at Utrecht;

in the Federal Republic of Germany and in West-Berlin with the Deutsche Bank AG, Deutsche Bank Berlin AG, Bank für Handel und Industrie AG, Berliner Handels- und Frankfurter Bank, Dresdner Bank AG and Sal. Oppenheim jr. & Cie. in Frankfurt a.M., West-Berlin, Düsseldorf, Cologne, Hamburg and Wuppertal;

in Belgium with Generale Bank N.V., Paribas Bank België N.V. and Kredietbank N.V. in Brussels and Antwerp;

in Luxembourg with Banque Générale du Luxembourg S.A. in Luxembourg;

in the United Kingdom with Barclays Bank PLC and Midland Bank PLC in London;

in France with Lazard Frères & Cie and Banque Nationale de Paris in Paris;

in Austria with Creditanstalt-Bankverein in Vienna;

in Switzerland with Swiss Credit Bank, Swiss Bank Corporation, Union Bank of Switzerland in Zurich and Basel and their branches, and also with Pictet & Cie in Geneva;

in the United States of America with Morgan Guaranty Trust Company in New York, N.Y.

The Supervisory Council

Arnhem, April 6, 1987

Akzo

Management buy-out puts £150m valuation on ILG

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

MR HARRY GOODMAN and his team of directors and senior management at International Leisure Group, the package holiday, airline and hotel operation, are offering 200p for the ordinary shares in the company in a management buy-out *which values ILG in total at £149.9m.*

The offer price for the ordinary shares is higher than the shares have ever been since the company's flotation in 1983. Last night the ILG shares closed at 195p, a rise of 17p on the day.

If Mr Goodman and his colleagues are successful, they intend to keep the company private for at least three years while they build up the Air Europe airline business to continental Europe.

According to the offer document yesterday, the decision to mount a buy-out and take the company private is a result of "the volatile and intensely competitive market conditions affecting ILG's traditional tour operating business which have sometimes impacted unfavourably upon the group's reported results in recent years."

ILG, whose Intasun holiday company is the second largest tour operator, is particularly worried at the City's reaction to any new outbreak of price *competition in the* package holiday market.

Some analysts suggested yesterday that fears of a new damaging price war in overseas holidays was also behind the decision of Horizon Travel to accept a £92.3m bid last Friday from the Bass brewing group.

Mr Goodman and his colleagues have formed a new company, Hudson Place Investments, to mount the takeover bid. Bankers Trust is the financial adviser to Hudson and is also the lead investor in the consortium providing the finance.

The ILG directors who are not joining the management buy-out are being advised by Kleinwort Benson. These directors have decided to recommend the offer to shareholders.

The 200p a share cash offer for the ordinaries places a value on the issued ordinary share capital of £103.3m. Hudson is also offering 158p a share for the issued preference shares, placing a value of £46.6m on the shares and *making the total offer worth* £149.9m. There are loan note alternatives for the offers.

Irrevocable undertakings to accept the ordinary offer have been made by Omnicorp Investments, the New Zealand investment company, and Iberotravel, which own 4.1m and 5.2m shares respectively.

Along with the shares owned by Mr Goodman and his colleagues and the independent directors, this means that irrevocable undertakings representing 37.7 per cent of the issued ordinary share capital have already been given.

The management group of Mr Goodman and his colleagues will initially control some 15 per cent of the share capital of Hudson. It is intended to offer a share option scheme to other employees.

Extel falls as Maxwell decides to sell holdings

By Nikki Tait

Shares in Extel, the business and sports information group, tumbled 40p to 488p yesterday on news that British Printing and Communications *Corporation, headed* by publisher Mr Robert Maxwell, does not intend to bid for the company.

According to a BPCC statement, the recent success of the Bouygues consortium—in which Mr Maxwell's Pergamon Media Trust has an interest—in winning the licence for French TV station TF-1, coupled with BPCC's own US acquisition plans , have decided the Maxwell interests against attempting a takeover.

Mr Maxwell first bought into Extel during an abortive bid from Demerger last year. Because he was deemed to be acting in concert with Demerger at one stage, he was barred from making his own bid for the company for another 12 months. The ban is due to expire at the end of this month.

Thoughts that Mr Maxwell would mount a bid were *fuelled* last month when Pergamon Media Trust stepped up its holding in Extel from 24.7 to 26.4 per cent. Yesterday's statement, however, added that the Maxwell interests now intend to dispose of their stake.

Extel said last night that it welcomed the news, and was now assessing the consequences. Its merchant bankers, Kleinwort Benson, are currently talking to Mr Maxwell's advisors about finding buyers for the stake.

Extel also announced yesterday that it has exchanged contracts on the sale of Extel House, at the back of Fleet Street. Sale price to the undisclosed buyer is £7.6m and completion is due in September. The corporate headquarters will move to Covent Garden and the operating businesses to Finchley.

ELECTRONIC DATA Processing (USM-quoted distributor of the ADDS Mentor range of super-minicomputers) is to move up to the main market on April 13 through an introduction sponsored by Henry Cooke Lumsden, the stockbroker.

Richard Tomkins on the Government's latest privatisation

Rolls-Royce name is trump card

TOMORROW the Government unveils the prospectus for the flotation of Rolls-Royce, the state-owned aero-engine maker. When it does so, it will be called on to address a puzzling question: just who is it trying to sell the issue to?

So far, the small investor appears to have been spurned. The publicity has been lower-key than in any recent privatisation: advertisements have been confined to sporadic appearances in the newspapers, with no television or poster campaign.

Yet Mr Paul Channon, the Trade and Industry Secretary, may still need to call on the public at large for support—and not just to further the *Government's aim* of creating a nation of share owners.

Rolls-Royce will be coming to the stock market at a caiptalisation of about £1.3bn. That means the issue will be considerably bigger than the £900,000 offer for sale of British Airways in January. The BA offer was 10 times over-subscribed, but that was in large part due to enthusiasm from US, Canadian, Japanese and European investors.

Rolls-Royce will be different. Its involvement in sensitive military contracts means that the Government is not prepared to see large chunks of its shares going into foreign hands, so there will be no overseas offering at all.

Further, as with British Aerospace, the total number of shares held by all overseas investors will be limited to 15 per cent of Rolls-Royce's total equity.

So how is the Government to compensate for this lack of overseas demand? The support will not appear by magic. Rolls-Royce may have one of the strongest brand names in the world, but most people's abiding memory of the aero-engine side of the business is the day it went bust in 1971, broken by the cost of developing the RB-211 engine.

Rolls-Royce's involvement in sensitive military contracts means that the Government is not prepared to see large chunks of its shares going into foreign hands—so there will be no overseas offering

On the institutional side, the *Government and its advisers*—notably Samuel Montagu, the merchant bank, and James Capel, the stockbrokers—have been working quietly but feverishly behind the scenes to counter this negative image of the company. Stockbrokers' research analysts and institu*tional* investors have taken part in an exhaustive programme of presentations, lunches, and visits to the Rolls-Royce facilities at Derby and Bristol.

The results have been promising. Over the past few months, the City has increasingly come to perceive Rolls-Royce as a quality company that has learnt from its mistakes and is highly unlikely to undertake the financial risk of embarking on a major innovatory project on its own again.

Yet if the Government is to create the scarcity factor which is the prime ingredient of turning any big flotation into a success, it will need more than just institutional support. Inevitably, it will be shifting the *emphasis over the next three* weeks or so towards attracting smaller investors to the issue.

Probably almost 60 per cent of the shares will be pre-placed with institutional investors, but the remaining 40 per cent will be set aside for the public. There will also be a claw-back provision which will shift the allocation to a probable 50-50 split if the public offering is more than, say, three times subscribed.

A sizable chunk of the public's allotment will go to employees and pensioners, who will be given generous incentives to apply. They will get £70 worth of free shares plus another £2 worth for every year of continuous service; two free shares for every one bought up to £150 worth; and beyond that, a 10 per cent discount on purchases up to a certain limit.

That could account for up to 10 per cent of the issue.

As to the wider public, perhaps the most surprising element of the flotation is that small investors are unlikely to be offered any perks: not even the one-for-10 loyalty bonus of shares at the end of three years that investors have come to expect from privatisations. The only concession is that the share price will be payable in two instalments—the first on application and the second in September.

The Government appears to take the view that these perks count for little in attracting investors to privatisations. Publicity is more important, and the Government is poised to follow up the unveiling of the pathfinder prospect with the launch of a television advertising campaign this weekend.

But the Government's strongest trump card of all is that Rolls-Royce name. In the public's eye, the famous logo is associated not with a bailed-out *aero-engine maker but* with the world's most coveted motor car.

Rolls-Royce Motors, of course, is no longer part of the aero-engine business at all but is a subsidiary of the Vickers engineering group. It spite of attempts to clear up this confusion, there will undoubtedly be many who apply for shares thinking they are taking a stake in a luxury car manufacturer.

Mr Christopher Clarke of Samuel Montagu acknowledges that this is a risk but disagrees with the view that people who buy shares under this misapprehension will in any way have been cheated.

"They will still be getting exactly the same standard of excellence," he says. "They will just be getting it in a rather bigger company than they thought."

Jupiter offer values Vantage at £3.35m

By Ralph Atkins

Jupiter Asset Management, private fund management company, has made a cash offer for Vantage Securities which values it at £3.35m.

Shares in Vantage, investment trust, closed up 40p at 143p after the offer of 102.5p cash for each share was announced. Jupiter is also offering 45.5p cash for every warrant.

The offer follows the purchase by Jupiter of a 28.7 per cent stake. Together with its directors and discretionary clients, who are deemed to be acting in concert, the move took the total holding to 70.4 per cent, making it necessary to bid for the outstanding shares

In order to retain Vantage's listing Jupiter plans to place all the shares it receives from the offer.

In addition Mr Charles Westenholz, an independent shareholder, has agreed to purchase shares and warrants from Jupiter representing a stake of 29 per cent.

Queens Moat up 42% and awaits further growth

ALTHOUGH reflecting only a small contribution from acquisitions, pre-tax profits from Queens Moat Houses advanced 42 per cent, from £10.5m to £14.92m, in 1986.

Mr John Bairstow, chairman, said full benefit of the considerable acquisitions would begin to show through in the current year.

So far in the current year the trading experience of the longer held hotels continued to *be favourable.*

Shareholders net assets rose £100m in the year to £240m, and the net asset per share to 78p, against 53p. The annual property revaluation showed a surplus of £79m at a total of £345m;

Turnover in the year was £101m (£72m). Earnings came to 4.67p (3.96p) and the dividend is lifted from 1.33p to 1.6p, with a final of 0.85p.

● comment

The message in these figures is that the business traveller market is booming and proving far less fickle than that *for* tourists — the average occupancy rate across the year was 60 per cent. During 1986, Queens Moat Houses added almost 50 per cent more rooms to take total capacity to just below 8,000. This bout of expansion has cost £100m and should provide the basis for the next couple of years growth given that it usually takes this long for a new entrant to mature within the company. The £42m purchase of the Bilderberg hotels provides the company with a European base (with local management) and opportunities in West Germany are now being examined. The £200,000 after interest contribution from Holland for the last couple of months of 1986 is no indication of future potential as Queens Moat is easily able to obtain improved financing terms for its Dutch venture. An increase to £20m this year appears likely, much of it from Europe, and the shares at 84p are on a prospective p/e of 12½ on a 22 per cent tax charge.

Myson profits almost doubled

BENEFITS OF acquisition and subsequent rationalisation continued at the Myson Group. For 1986 it almost doubled its pre-tax profit on turnover ahead *just 3 per cent.*

The 1986 results included Thorn EMI Heating for the whole period, while comparisons were restated on merger accounting principles. That company was purchased for nearly £20m in shares, but Thorn EMI subsequently placed its resultant holding in Myson.

The group makes heating, ventilation, air conditioning and industrial heat transfer equipment. The acquisition of Heating gave it a strong position in the major markets for gas boilers, instantaneous water heaters and fires, and reinforced its position in other significant residential product markets.

For 1986 turnover was up from £153m to £157.5m, while operating costs were reduced significantly to £138m (£142m) to leave the operating profit £8.5m ahead at £19.45m.

Pre-tax profit surged from £8.8m to £17.36m. Net earnings were *13.7p (7.3p)*, and the final dividend is 2.48p for a net total of 4p, compared with 2.625p.

Substantial and continuing improvements in productivity were achieved in most plants, particularly those acquired. Further cost reductions had been or were being achieved by improved product design and major investment in modern plant and systems.

In the current year, trading results were up on the comparable period of 1986, they stated.

● comment

Myson's pre-tax profit soundly beat all forecasts and took the share price up 20p to 211p by the close. Turnover was little changed, reflecting Thorn-EMI's dash for volume amid the weakness of the previous year's market, so practically all the profits growth came from the margin. The potential for further progress along this road is not exhausted: the current year has started with 200 fewer people on the payroll and without the industrial disputes which dogged the application of Myson's methods to the Thorn-EMI Heating workforce. Better buying, product improvements and greater manufacturing efficiency should all help produce another leap in pre-tax profits to perhaps £23m this year, putting the shares on a prospective p/e ratio of less than 11½. There are no obviously comparable stocks, but the rating looks conservative against the wider market. If volume is seen as constraint on the long-term rate of growth, the management's ability to acquire and enhance is not.

Renters plans Tokyo listing in the autumn

By Nikki Tait

Renters, the international information company, is planning to list its B shares in Tokyo in the late autumn.

The company says it is looking to broaden its shareholder base, and this move will allow it to be traded in all three major markets.

At present, around 1.5m shares are held by Japanese investors — under 1 per cent —while some 42 per cent of the B shares are in US hands.

No issue of new shares is likely to accompany the listing, which Renters expects to take place in the final quarter of 1987.

Renters share structure is unusual in having two tiers; the *more numerous and widely*-traded B shares have limited voting rights. Next month, the various newspaper groups which own the A shares are due to decide on whether a proportion of these should be converted into B and if so, how many.

AFRICAN LAKES CORPORATION (general trading, service industries, mining and agriculture): Dividend for 14 months to September 1986 0.5p (1.5p for year to July 31 1985). Turnover £28.6m (£17.55m) and pre-tax loss £381,762 (£622,509 profit). Comparatives restated. Loss per share 9.44p (6.61p profit). The Globe and Phoenix Gold Mining Company, the 86 per cent-owned subsidiary, produced losses of £857,975 (£353,360).

HUGHES FOOD GROUP is buying R. E. Hatfield (Contractors), Hull-based construction group for £550,000, to be satisfied by the issue of shares.

52% premium for MAM

BY RICHARD TOMKINS

SHARES IN Mercury Asset Management, the fund management company floated off by its parent Mercury International, shot to a premium of over 50 per cent in first dealings on the stock market yesterday.

A *quarter of MAM's equity* had been offered to shareholders of Mercury International, the securities conglomerate, at 225p a share.

When dealings began the shares rose to a peak of 342p at one stage—a premium of 52 per cent to the offer price — before easing back to close at 326p.

Mercury International decided to float off MAM to emphasise its independence from the securities *operations of the rest of the group.*

When the offer for sale closed last week, applications for 19.34m shares had been received compared with the 17.6m available.

See Lex

Birmid Qualcast acquisitions

Birmid Qualcast, the engineering group, is acquiring two Manchester-based bathroom furniture manufacturers for £6.8m cash.

Gardex and Foldor both make shower trays and other plastic products for bathrooms. They also manufacture plastic and glass shower enclosures.

Birmid will also make an additional payment related to profits by the companies in 1987-88 up to a maximum of £1.5m.

In the year to December 1986, Gardex and Foldor made a profit before interest of £1m. The combined net asset value is £4m including £2.5m cash.

Suter lifts two key holdings

BY NIKKI TAIT

Suter, the expansive engineering and distribution group, yesterday announced that it had increased two key stakes: in Metal Closures, the metal and plastic products group; and in Newman Industries, which makes industrial fasteners and electrical motors.

The Metal Closures interest goes up by 620,000 shares to 3.8m or 18.09 per cent. Suter first became involved when it purchased a 12.3 per cent stake in the company two months ago *for about £5.3m, which was* then added to in March and earlier this month.

Suter has never ruled out a bid for the group; a year ago, Metal Closures was involved in bid talks with John Waddington, but Metal's South African interests proved a stumbling block.

At Newman Industries, Suter last appeared to be reducing its interest — from 10.85m shares to 8.5m in late February. However, yesterday it announced that it had raised this back to 10.55m shares or 8.34 per cent.

Explaining the move, Suter said that it had had an opportunity to take a profit — which it had done — but had still not made up its mind whether to *bid or not. The purchase price,* it added, on the increased holding had not exceeded 46p a share.

Suter shares eased 2p to 274p yesterday; Newman Industries lost 1p to 50p; and Metal Closures fell 4p to 224p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
African Lakes	0.5	June 4	1.5	0.5	1.5
Beauford Group	2.5	—	1.75*	3.5	2.63*
Brammer	8	July 1	8	12.5	12.5
Cannon Street Invsts.	1.5	July 1	1.5	4	1.5
Capare Ind.	*0.9¶*	*June 19*	*0.9*	*1.65*	*1.65*
Hunting Petroleum	5.5	July 2	5.75	9	8
Stanley Miller	0.75	May 27	0.5	1.25	1
Monotype Cpn.‡	3p	July 1	—	4.6	—
Myson	2.48†	—	1.38	4	2.63
N. British Canadian	5.3	July 6	4.85	7.45	6.85
Queens Moat	0.85	May 29	0.7*	1.6*	1.33*
Richards (Leicester)	1.5	July 6	2	3	3
Scottish TV†	12	June 8	8.1	15	10.5
Thurgar Bardex	*1.2†*	*May 29*	*0.4*	*1.3*	*0.6*
Travis and Arnold	4.18	—	3.29*	5.2*	4.26*
Watts, Blake	3.68	July 6	3.13	5.3	4.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Proposed dividend/scrip option.

UK COMPANY NEWS

Caparo up to £1.58m and plans to spin off Fidelity

Caparo Industries is in discussions which could lead to spinning off of its troublesome Fidelity television subsidiary into a joint-venture with a major foreign TV manufacturer, Mr Swraj Paul, the engineering and consumer electrical goods company's chairman, said yesterday.

The Fidelity announcement was made along with Caparo's 1986 preliminary results. Pre-tax profits at £1.58m were substantially ahead of 1985's £950,000 on a turnover up almost a quarter at £136m.

Fidelity was bought by Caparo for £13.4m in 1986 but plunged into losses prompting Caparo to take legal action against former directors of the business. A High Court hearing has been set down for January 1989.

Mr Paul said that Caparo's industrial companies had achieved a one-third increase in pre-tax profits to £3.84m (£2.89m).

He added that he expected to see further significant profit growth during the current year

Mr Paul said that he was disappointed that Fidelity electronics had failed to reach its target of a small operating profit but it had achieved a worthwhile reduction in operating losses from £1.85m to £1.11m. The principal adverse factor continued to be the lower margins forced upon the company by the need to compete with products priced in dollars and imported from the Far East.

He said that during the year, Fidelity's freehold property had been sold and leased back, realising cash of £3.2m.

Goodwill amortisation took an unchanged £261,000 and tax charges accounted for £263,000 (£364,000). Fully diluted earnings per share fell from 1.61p to 1.45p.

The proposed final dividend of 0.9p (0.9p) makes an unchanged total of 1.65p for the year. Shareholders will be given the option to take new ordinary shares instead of a cash dividend.

● comment

Caparo Industries has laboured long to set Fidelity right but Far East competitors gained from the weak dollar and another trading loss has been recorded. Reluctant to give up the ghost entirely, Mr Paul is talking to possible joint-venture partners with established muscle in the European market—half a ghost being better than the whole in this case. On the industrial front steady progress is being recorded and a couple of useful acquisitions are in the pipeline. If the vendors will accept shares so much the better as Caparo could do with a freeing-up of its stock. This year could also see the floating-off of an industrial subsidiary and the debt position will be improved by this and up to £2m from surplus property disposals. Reduced interest payments and the hope that a major part of the convertible stock will be traded in, which would place all sharehoders on a more equal footing, should also contribute to the more go-ahead stance now emerging at Caparo. For the year £4m should be achieved (with Fidelity still fully on board) and at 52½p the shares look cheap on a two-year view.

Scottish TV at £8m: dividend lifted 4.5p

ON THE back of a £10m improvement in turnover to £75.06m Scottish Television saw its profits for 1986 advance from £4.83m to £8.07m pre-tax. Advertising revenue increased by 16 per cent to £70.32m.

The profits were struck after paying Fourth Channel subscription of £11.16m (£9.41m) and Exchequer levy £4.8m (£4.4m).

Tax of £3.16m (£2.09m) left earnings at 50.01p (31.17p) per 10p share. A final dividend of 12p lifts the total from 10.5p to 15p net on the enlarged share capital. The company intended to at least maintain the dividend on the bigger capital.

Sir Campbell Fraser, chairman, said latest forecasts suggest advertising revenue will continue to show significant real growth, although the growth rate was likely to be slower than in 1986.

Brammer hit by oil and electronics problems

The downturn in profit from the oil and electronic sectors continued in the second half at Brammer, the bearing and transmission equipment, pumps and electronic components distributor.

And taking into account a loss on discontinued businesses this time, group pre-tax profit for 1986 was £1m down at £12.59m.

Earnings were lowered to 19.1p (22.3p) per share, but the dividend is held at 12.5p net with an unchanged final of 8p.

The group was financially strong and well positioned to develop the opportunities available, the directors stated.

Like 1986, the early part of the current year was restrained, but as the first quarter progressed so trading conditions showed "a marked improvement."

Turnover in 1986 came to £102.89m (£101m) and the operating profit to £13.07m (£14.12m). Brammer Transmissions and Russells Rubber were sold in December 1985 and incurred losses of £151,000 (profit £1.44m), while the oil and electronic sectors saw their contribution cut by £1.45m.

Also this year, the pre-tax profit included an exceptional credit of £400,000, against a debit of £165,000, and interest charges were up significantly to £884,000 (£368,000).

An analysis of the trading profit showed that industrial services accounted for £12.89m (£11.93m), manufacturing and rebuilding £332,000 (£588,000), and discontinued business loss £151,000 (£1.6m profit). UK and Continental Europe provided £13.14m (£13.26) and the US ran into a loss of £72,000 (profit £861,000).

The core businesses, bearing service, and the rental thereby maintaining leadership in their markets and continuing to make high returns on capital employed.

In response to market conditions, restructuring and rationalisation was implemented to secure a strenghened base for 1987.

After tax £4.53m (£5.46m) and minorities credit £2,000 (debit £4,000) the net attributable profit worked through at £7.41m (£9.08m).

● comment

Brammer's profits fall is a disappointment but not unexpected. The two core businesses, bearings and equipment rentals, produced good if unexciting performances but were let down by oil-related activities and electronic component distribution. During the past year the company has continued to weed out loss-making operations and to restructure the group which should put it back on an upward path in 1987. The group says its US operation will be in the black this year and the bearings side will continue to make a useful contribution. But it will be the rental sector that generates most of the growth. Here the company has firmly established itself across Europe in a buoyant market with potential for expansion. A pre-tax profit of £14.5m at yesterday's close, up 2p at 320p, gives a prospective p/e of about 13. This is above other companies in the sector and perhaps a bit optimistic.

DIXONS GROUP—In respect of rights issue of convertible stock, acceptances received for 169.72m units (91.1 per cent). Balance sold and net proceeds will be distributed to holders entitled thereto.

Alice Rawsthorn on Sock Shop's planned flotation

Four-year formula for success

"EVERYONE LAUGHED at the idea," recalled Richard Ross. "Investors, manufacturers, even landlords . . . they all thought Sock Shop was a silly name for a business and that the idea of a shop selling nothing but socks and tights was ridiculous."

Four years ago when Richard Ross and his partner, Sophie Mirman, tried to raise launch capital in the City they could not persuade anyone to invest £40,000 in a 49 per cent share of their business.

Today the "ridiculous idea" with a "silly name" has spawned 41 shops across the UK and after it flotation on the USM later this month, Sock Shop will be capitalised at more than £20m.

The knowledge that Mirman and Ross found it difficult to raise capital for Sock Shop scarcely augurs well for other would-be entrepreneurs.

Not only has Sock Shop been conspicuously successful, but they could not have been better qualified to launch it.

Sophie Mirman, who is now chairman and joint managing director, began her career at Marks and Spencer, working her way up from the typing pool to become secretary to Lord Sieff—the former chairman and now a Stock Shop non-executive director—and a commercial manager.

In 1981 she left to help found the fledgeling Tie Rack business. There she met Richard Ross, a chartered accountant, who is now joint managing director of Stock Shop and her husband.

During the 18 months that Mirman and Ross worked there Tie Rack built up a chain of 15 tie shops from scratch.

But the business was owned by a consortium of overseas investors and neither Mirman nor Ross had a share in its equity. They hatched plans to start their own business and Mirman created the concept of Sock Shop.

Sophie Mirman . . . a "ridiculous" idea that spawned 41 outlets across the UK

"It seemed so silly that socks and tights, an everyday necessity, should be so difficult to buy," she said.

"To buy a basic pair of socks you had to fight your way through a department store, only to find that it had probably run out of the right colour and size."

They envisaged Sock Shop as a small chain of specialist shops selling well designed, brightly coloured socks, stockings and tights. "Accessorising" items, such as co-ordinating T-shirts and briefs for women and jolly boxer shorts for men, would balance the seasonality of hosiery sales.

Having failed to find investors among conventional venture capitalists, Mirman and Ross turned to their own bank, Barclays, which recommended that they apply to the Government's Small Firms Loan Guarantee Scheme.

The first shop opened in Knightsbridge underground station in April 1983. Initially they did everything themselves—arriving early in the morning to clean the shop; Mirman cycling off to collect merchandise; both serving in the shop during the day; and checking stock in the evenings.

After a week they took on a shop assistant. Six months later the second Sock Shop opened in Victoria.

The group has since been built up rapidly. Given that Sock Shop units are so small, it is relatively easy, and inexpensive, to find suitable sites in the busiest High Street locations, stations and even airports.

There should be 55 to 60 Sock Shops by the end of the year.

Initially, all the socks and tights were bought directly from manufacturers, thus Sock Shop could exercise little control over colour and design.

Once the group had grown to 10 shops it was cost effective to commision socks and tights to its own design—own label goods now account for 70 per cent of sales.

Sock Shop's success has coincided with, and contributed to, the renaissance of the British hosiery industry which has battled back against intense price pressure and an influx of cheap imports by harnessing new technology and design to revitalise hosiery sales.

The group's sales and profits have grown steadily in the past four years. It produced pre-tax profits of £773,000 on turnover of £6.17m through an average of 22 outlets in the year to September 30 and should double both profits and turnover in the current year.

Specialist retailing is ensconced as a successful stock market sector. The pricing of Sock Shop's offer for sale will reflect this. Its brokers, Capel-Cure Myers, will pitch the prospective p/e ratio in the low 20s.

Thus far Sock Shop has enjoyed a hectic pace of growth. Sophie Mirman doubts, and it is difficult to disagree, that women will ever be prepared to return to dull hosiery, ensuring that the business has lots of scope for organic growth.

After the flotation Sock Shop may consider expansion further afield, possibly into a parallel sphere by acquisition, and possibly by exporting the Sock Shop formula overseas.

Hunting falls to £7.1m after oil exploration cuts

THE CURTAILMENT of North Sea exploration and development saw Hunting Petroleum Services return a slight fall in pre-tax profits for 1986 from £7.26m to £7.1m on turnover down 30 per cent to £199.32m.

Mr Richard Hunting, chairman, said it had been a year of traumatic shock for the oil industry.

The improvement over results anticipated at the interim stage was largely due to encouraging results fro mthe lubricants and specialised products activity, a good performance from Gibson Petroleum.

Hunting Oilfield Services bore the full brunt of the cut in exploration, and its pre-tax figure fell from a profit of £493,000 to a £1.3m loss.

Offshore markets would remain competitive and 1987 was likely to be another difficult year, said Mr Hunting.

After tax of £3.1m (£2.66m) and minorities of £1.12m (£1.18m), basic earnings stood at 17.94p (21.99p) and fully diluted earnings at 16.94p (19.97p).

Directors have recommended a final dividend of 5.5p (5.75p), making 9p (8p) for the year on capital increased by the November rights issue.

Richards Leicester rises 43%

Richards (Leicester), a holding company with interests in engineering and foundries, boosted its pre-tax profits by almost 43 per cent from £163,841 to £233,697 in 1986 on turnover up from £7.22m to £8.32m.

The proposed final dividend drops from 2p to 1.5p, making an unchanged 3p for the year.

Mr Ernest Tyerman, chairman, said that the rise in profits reflected the further improvement in the trading performance of two of the group activities — notably Richards Engineering and R.D.V. Engineering. However, he added that Richards Foundries had been unable to maintain the necessary level of business

One foundry would be closed and the business consolidated into the mechanised foundry which would benefit from the resultant savings.

After tax of £35,784 (credit £38,000), earnings fell from 10.1p to 9.9p.

Better margins lift S. Daniels above £1m mark

S. Daniels, a food and beverage company which obtained a full listing for its shares in November 1986, returned profits of £1.01m pre-tax for the 12 months ending December 31.

That compared with the prospectus forecast of not less than £925,000 and 1985's £449,000.

The company said yesterday that real growth had been achieved in sales which for the year showed an improvement of 20 per cent at £38.9m. Net margins on sales grew from 1.4 per cent to 2.6 per cent — customers include all the High Street household names.

Earnings per 5p share worked through at 9.45p (4.92p) after tax of £381,000 (£76,000).

As indicated at the time of the placing no final dividend is being recommended. Had the shares been listed for the whole of 1986 net dividends of 3.25p would have been recommended.

The directors said they were confident that 1987 would be another excellent year.

Lloyds Chemists 58% rise midterm and acquisition

WITH ITS first set of results since coming to the market, Lloyds Chemists announce the purchase of the privately owned Nina Barnes group of chemists for a maximum £3.12m.

And the directors hinted that more acquisitions were in the pipeline.

The Lloyds group is a chain of retail chemists based in the Midlands; its shares were placed last November. Reporting for the half year ended December 31 1986 it said turnover rose from £9.9m to £14m and pre-tax profit was up 58 per cent from £506,000 to £802,000.

Earnings were 3.07p (1.87p). There is no interim dividend but a single 0.85p is intended for payment in November.

Purchase price for Nina Barnes on completion is £2.81m to be satisfied by the issue of 1.59m Lloyds shares. Mr Barnes will hold 8.15 per cent of the enlarged equity and has undertaken to hold the consideration shares for at least 12 months.

Mr Barnes is also buying certain businesses which do not form part of the core trading activities of Nina Barnes, together with all six of the freehold and long leasehold properties owned by Nina Barnes. The properties will be sold for £1.25m and four will be leased back.

Lloyds' expansion policy will continue with the planned opening of new chemist stores and drugstores, the acquisition of single chemists stores and the further purchase of multiple groups such as Nina Barnes, in new geographical areas.

Monotype lifts profits 36%

INCREASED TRADING in type and imagesetters saw The Monotype Corporation's 1986 pre-tax profits rise by 36 per cent to £3.45m on turnover 16 per cent higher at £33.3m in its first figures since coming to the USM in May 1986.

Since then the hi-tech printing company had acquired a 75 per cent controlling interest in GB Techniques, which specialises in newspaper composition systems based on the personal computer. It bought Chinatype Design in Hong Kong, and last month acquired Intertec, a Dorset communications company.

Directors said funds raised in the flotation had enabled the company to finance more efficient manufacturing and to achieve lower purchase costs. They expected the overall margin improvement to be maintained.

Results from Monotype's overseas subsidiaries were ahead of last year, they said, with significant contributions from Hong Kong, Germany and France.

They expected to boost sales significantly with the range of new products introduced in 1986.

After tax of £642,000 (£451,000) and minorities of £30,000 (nil), earnings per share rose from 13.87p to 16.14p, and directors are recommending a final dividend of 3p, making 4.6p for the year.

Thurgar Bardex dividend trebled

Thurgar Bardex, plastic products maker, reported pre-tax profits for 1986 up by almost 2½ times to £1.72m, against £708,000. Turnover was up from £13.89m to £20.14m.

Earnings per 10p share came out at 5.29p (2.77p) basic or 5.18p (2.52p) fully diluted. A final dividend of 1.2p (0.4p) is being recommended, making the total 1.8p, against 0.6p last time.

The directors said the figures were not directly comparable because of the acquisition of N & P Group midway through 1985.

Director forecast further growth, helped by increased extrusion capacity.

APPOINTMENTS

Combined English Stores chairman

Mr Murray Gordon, chairman, chief executive and joint managing director, becomes executive chairman of COMBINED ENGLISH STORES GROUP. Mr David Roxburgh currently deputy chief executive and joint managing director will succeed Mr Gordon as chief executive and managing director as well as becoming deputy chairman. Mr Pat Hammond-Turner will become assistant managing director. Ms Jacky Osman has been appointed associate director responsible for acquisitions, research and communication. Mr Gerald Smedley has been appointed associate director responsible for the property investment division.

★

PEAT MARWICK McLINTOCK, has appointed the following new partners: Mr Colin Barcroft (Stoke); Mr Colin Graham (Birmingham); Mr David McGarry (Douglas, Isle of Man); Mr Richard Neville and Mr Colin Seccombe (Plymouth); Mr Bob Spedding and Mr Eric Stelfox (Manchester); Mr Graham Thomas and Mr Richard Wright (Birmingham).

★

GREIG FESTER GROUP has appointed Mr C. J. Round to the board of Greig Fester (Agencies) as an executive director.

★

DELOITTE HASKINS & SELLS has appointed Mr Lionel Davies as partner-in-charge of its office in Newcastle, from May. He was based in Deloittes in Manchester where he was head of audit and accountancy services. Mr Davies succeeds Mr Keith Sowerby who, after six years in charge of Deloittes in Newcastle, now wishes to devote all his time to his client portfolio.

★

BANK BUMI DAYA, a commercial bank in Indonesia, has opened an office in London. The chief representative is Mr R. G. Lilipaly who was the bank's representative in Singapore. The advisor to the bank is Mr Robert Maw who recently retired as general manager in the Republic of Ireland for Barclays Bank International.

★

Mr Brian Whittaker has been appointed a non-executive director of CHIMNEY SPECIALISTS (HOLDINGS). He is chairman and managing director of Arnold and Gould Holdings and chairman of John Boyd Textiles. Mr Whittaker acts as a nominee director on behalf of Investors in Industry.

★

Following the announcement of the Inspectorate bid, UNITED LEASING has appointed Mr Ian J. Orrock, previously managing director of Racal-Redac, as chief executive.

★

STANLEY LEISURE ORGANISATION has appointed Mr George Martin as a non-executive director. He was chairman and chief executive of Pleasurama. The Lord Allen of Abbeydale, will become a non-executive director after the EGM has approved his appointment. Lord Allen was formerly chairman of the Gaming Board for Great Britain from 1977 to 1985. Both appointments are subject to the approval of the Gaming Board for Great Britain.

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BENCHMARK GROUP has appointed Mr Ruscombe C. Westmacott as a director. With the completion of the acquisition of Charlton Seal, Mr Michael Seal and Mr David Youngman have joined the board of Benchmark Group. Concurrently, Mr Adrian Evans, Mr Ron Williams and Mr Westmacott of Benchmark Group have joined the board of Charlton Seal.

★

The SUMITOMO BANK has made the following appointments at its London branch. Mr Yoji Okabe, currently managing director and general manager of the London branch has been appointed managing director in charge of the bank's operations in Europe, the Middle East and Africa. He will continue to be based in London. Mr Yoichi Abe, currently general manager of Kanda Ekimae branch in Tokyo will become general manager, London branch. Mr Abe has previously worked in Europe as general manager, Brussels branch.

★

Mr Bill Jess has joined THORN EMI DATATECH as sales and marketing director.

COMMODITIES AND AGRICULTURE

Israel tries to unblock EEC farm trade deal

BY ANDREW WHITLEY IN TEL AVIV

MR SHIMON PERES, the Israeli Foreign Minister, began talks in Madrid yesterday with Spanish officials in an attempt to resolve a bilateral dispute holding up the implementation of Israel's draft agricultural access agreement with the European Community.

Israeli officials complain that the three-month delay has cost millions of dollars in lost sales and higher duties on citrus and cut flower exports this season. Approximately 60 per cent of Israeli citrus products — easy peelers, oranges, grapefruit and lemons — and 80 per cent of its flowers, mainly chrysanthemums, are sold to the Community.

Flowers, hit by bad weather conditions in Israel, have this season been suffering from a 4.5 per cent duty differential compared with those from Spain, an important competitor. For Israeli growers the season will end in another month's time.

Earnings from EEC sales of these two categories of products had been expected to reach $200m.

Spain refused to initial the draft treaty last December until Israel, in turn, signs a "protocol of adaptation" reducing its tariff barriers on Spanish industrial exports. However, according to the Agriculture Ministry in Tel Aviv, what is in dispute is not the principle involved, but the speed at which the change should take place.

The Spanish Government wants an immediate reduction in Israeli tariffs, in line with the reduction Jerusalem implemented on January 1 this year for goods from EEC member countries. But, the Israelis complain, it is not prepared to reciprocate.

A separate issue continuing to trouble Israeli agricultural officials is that of EEC minimum reference prices for citrus imports. While Brussels believes it can do no more than provide assurances that it will not manipulate entry and floor prices for Israeli citrus, Israeli fears over being driven out of its most important market after 1990—by which time duties will have been reduced to zero—remain strong.

Describing the problem as "very serious," a senior Agriculture Ministry official claimed that the minimum reference price set by Brussels had become a system of protection rather than an anti-dumping weapon.

To sooth Israeli anxiety, and show good faith, the EEC is proposing that a bilateral safeguards committee be established. Meeting several times a year, its task would be to monitor trade flows.

Mr Shimon Peres . . . in Madrid for talks

British farmers face £19m dairy fines

By David Blackwell

DAIRY FARMERS in England and Wales face fines of about £19m after exceeding their EEC milk production quota by an estimated 105m litres for the year ended March 31.

The Milk Marketing Board, which will deduct the fines from milk payment cheques in July, said that over-productive farmers had a surplus of 550m litres, while the remaining farmers fell below quota by 445m litres.

The levy on the excess 105m litres, which amounts to about 3.5 pence a litre, will be divided proportionately between the farmers who have exceeded their quotas.

Supplies in the week ending March 28 were 14.8m litres below quota, according to the MMB, continuing the recent trend of supplies being well below quota as some farmers took action to reduce their surpluses.

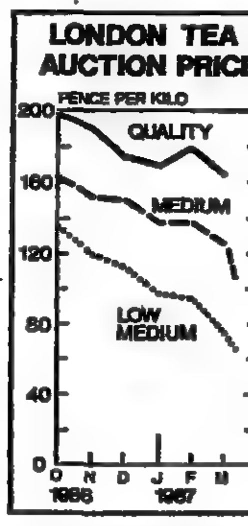
Further cuts in EEC quotas, amounting to almost 6 per cent for England and Wales, came into effect on April 1.

Brussels imposed a 4 per cent cut, but a scheme to take farmers out of the dairy sector, which sought a further 2 per cent cut, flopped. This resulted in the UK Ministry of Agriculture imposing a further across-the-board reduction of 1.89 per cent.

From April 1 next year, Brussels will impose another 2.5 per cent cut, bringing the total reduction to 8.5 per cent over two years.

Pakistani move hits London tea prices

BY RICHARD MOONEY



THE RECENT slide in London auction prices for tea accelerated at yesterday's weekly sale. Last week's news that Pakistan was suspending the issuing of import licences while it reconsidered its import policy was cited as the main reason for the fall, which took the quoted price for medium quality tea down 12p to 106p a kg and that for low medium down 13p to 65p a kg. There was again insufficient quality tea on offer to justify a quotation.

The oversupply which has been weighing down the tea market recently has been concentrated largely at the lower quality end, while the high quality supplies used in leading UK brands have remained relatively tight. This has been reflected in the fact that low medium tea at the London auction has more than halved in price over the last six months while the quality price has fallen by less than 30 per cent. Over the same period the price for medium grade tea has declined by 35 per cent.

Pakistan is the world's fifth biggest tea importer and, in recent years, its consumers have developed a taste for the high quality types. These it buys chiefly from Kenya, which has also become Britain's main supplier as the quality of India's production has declined.

It is this growing Kenyan predominance that is causing concern in Pakistani government circles. Apart from widening the country's already-adverse trade balance with Kenya it has been squeezing out traditional suppliers like Bangladesh, Sri Lanka and Indonesia. In 1983 Kenya supplied 18 per cent of Pakistani tea imports and Bangladesh 24 per cent. By 1986 Kenya's share had grown to 47 per cent and Bangladesh's had shrunk to 8 per cent.

The Government wants the tea trade balances to revert closer to the traditional levels — Bangladesh and Sri Lanka are reported to have offered to increase imports from Pakistan if it imports more of their tea — and has requested the country's leading tea companies to come forward with ideas for achieving this. It has also asked the companies for import details from July 1, 1985 to March 31, 1987 and will not resume issuing import licences until this information has been submitted.

The companies have been warned that failure to co-operate with the Government's plan could result in all tea imports being channeled through the Trading Corporation of Pakistan, restrictions on tea imports from Kenya, or the linking of imports from Kenya with exports to Kenya.

A duty system discriminating against Kenyan tea has also been suggested.

In London tea traders yesterday remained unsure of the implications of the Pakistani move.

"I can't see Pakistani consumers switching to lower quality teas, so they will have to get quality tea from somewhere," one commented.

'Threatened' Danes in mass protest

By Hilary Barnes in Copenhagen

ABOUT 15,000 farmers yesterday flocked to Herning, centre of the Jutland clothing and textiles trade, to join what was billed as the biggest protest meeting ever held by Danish farmers.

"Our existence is threatened," the farmers were told by Mr H. O. A. Kjeldsen who besides being chairman of the main Danish farmers' organisation is also chairman of Copa the European farmers' organisation.

Backed by other farmers' leaders, he complained that not only are Danish farmers being squeezed by cuts in the CAP but also by Danish domestic cost problems and environmental legislation.

The farmers are especially angered by a proposed 100 per cent tax which would be imposed on artificial fertilisers in 1990 if use of fertilisers is not reduced by then from about 400,000 tonnes a year to 250,000 tonnes.

As Denmark only has about 42,000 "full time" farmers (and another 50,000 part-time farms) participation in yesterday's meeting was remarkably high.

The meeting was held in the country's biggest trade fair centre where many participants had to watch the speech on television monitors.

The meeting, attended by Mrs Britta Schall Holberg, the Minister of Agriculture, and other politicians, was orderly and dignified.

Crop shortfall reduces Indian exports

BY P. C. MAHANTI IN CALCUTTA

INDIA'S TEA exports dropped sharply to 205m kg in the 1986-87 financial year compared with 222m kg in 1985-86.

Last years crop is finally estimated at 620m kg, some 37m kg below 1985's record of 657m kg.

The lower crop in 1986 was due entirely to prolonged drought conditions in north east India which normaly produces two thirds of the country's tea. In order to assist the industry develop its drainage and irrigation facilities the Government has introduced a subsidy scheme which the Tea Board has started implementing.

This season's weather in North East India has so far been favourable, according to industry officials. Output in April and May is therefore expected to be better but the weather will have to remain favourable throughout the year if a bigger output than last year is to be achieved. Experts think that India should produce at least 700m kg this year to meet growing domestic requirements and provide an exportable surplus of 220m kg to 225m kg.

Production or export targets for the current year have not yet been fixed by New Delhi.

Mr Priya Ranjan Das Muns, the Minister of State for Commerce, has just announced in Calcutta that an export target will be fixed within the next few weeks after a high level meeting in New Delhi to which representatives of the industry will be invited. A long term export policy for the commodity is also being considerd and this will be announced some time after the year's export target has been fixed.

Why dairymen fear the needle

FARMER'S VIEWPOINT

By John Cherrington

BST for short—is the latest scare word among dairy farmers. It is a hormone derived from the pituitary glands of a dairy cow which, when injected into cows in milk, will increase yields by between 10 and 20 per cent without varying the existing diet.

The advantages of this are obvious in terms of cheapening production or even in controlling it. For instance a farmer facing failure to meet his quota could use it to increase his supply in a short time.

But it could also be used to reduce the numbers of cows needed to fill current quotas, causing redundancies among farmers and worgkers and hitting demand for other resources such as land cattle and animal feed. So strong is the feeling among some farmers, that one is said to have resigned from trials which were being carried out on his farm by a manufacturer of the hormone.

The Milk Marketing Board is also taking a very cautious view of the situation. Together with a number of farmers it fears that the public might see the treatment as a possible threat to human health. All available evidence, which comes from the US, shows that this hormone is species specific and that there is no way in which it can affect any other creatures than dairy cows—which produce it naturally in any case. It is only recently that it has become possible to produce it in a laboratory in sufficient quantities for on-farm use.

The trials are being conducted with the full knowledge of the Ministry of Agriculture, which has issued the requisite animal test certificates on the advice of the veterinary products committee. If there was the slightest doubt about the safety to consumers of milk from treated animals there would be no question of these certificates being granted or milk from the trials being allowed into the human food chain — a point emphasised by the board in a recent statement.

This is all very well, as far as it goes. But it does seem that no particular effort was made to make farmers or anyone else aware of what was going on. This apparent secrecy inevitably arouses suspicions, however ill-founded, that there might be something to hide.

The recent banning of the use of hormones as growth promoters in the EEC has tended to confirm consumers' already widely-held view that they constitute a health risk. The board itself says that before BST could be used the public would have to be convinced that no particular harm could come to them from drinking milk produced with its aid.

Not being a dairy farmer these days I have no direct interest in the matter but I can well understand the reactions of farmers already threatened with steadily reducing quotas on production to any threat to their current position. Even a fall of only 10 per cent in the requirement for production resources could affect the balance of many farms.

The only practical objection that I have is that the hormone has to be given by injection and not by mouth. I have given thousands of injections to animals over the years and have never really liked doing it—probably because I dislike having them myself. This could be a point for objectors to seize upon.

There is no case for preventing the use of the hormone on the grounds of over-production, except the Luddite one of preserving the status quo for those still in the business of milk production. The use of BST could be a factor in lowering production costs, and as such its use would become essential to practical dairy farming. It would be no more significant, in the march of progress, than, for instance, the introduction of the Friesian and Holstein breeds of cattle which have doubled dairy cow yields over the last 50 years.

Some farmers would like to see further control of production by quotas applied to everything, which I do not believe will be imposed by the UK Government alone. But they may within a few years witness the control of the use of nitrogen fertilisers. Denmark has already brought in measures which will reduce its use considerably on environmental grounds, and the Netherlands appears to be looking for ways of deintensifying its farming.

The use of massive dressings of nitrogen to provide increasing quantities of grass for silage has been one of the main causes of the present milk surplus in Europe, and of course of other farm products as well.

There are now reports that the EEC Commission is looking at the level of nitrogen in ground water supplies and is likely to recommend measures for controlling its use in vulnerable areas. Such a move would be popular on environmental grounds and could result, as an added bonus, in a reduction in milk production and the budgetary costs to the EEC of the dairy regime.

A compulsory reduction of the use of nitrogen of, say 25 per cent, as proposed for Denmark, would if it were applied to dairy farming undoubtedly reduce output. This would bring an immediate call for the use of a safe hormone such as BST to maintain output and farmers incomes. Circumstances do alter cases you see.

LONDON MARKETS

A FIRMER tone in the New York market and renewed concern about approaching supply tightness combines to push copper prices up on the London Metal Exchange yesterday. After slipping lower in early trading on sterling's strength against the dollar, the three months position climbed to £879 a tonne at one stage before closing £4 up at £877.50 a tonne. In line with recent experience the cash price was much more volatile and regained $12.75 of Friday's £22 fall to close to £909.25 a tonne. The stronger tone was not discouraged by news of a largish rise in LME warehouse stocks last week. Dealers said this had been expected in view of the high cash premium on the LME and dwindling premiums obtainable for good quality metal in North America. The lead market was also firmer, with the cash position ending £5.75 up at £303 a tonne, aided by a fall in LME stocks. But cash aluminium lost Friday's £5.50 rise after failure to breach a chart resistance point prompted speculater liquidation.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	870-8	−5.5	878/877
3 months	806-7	−1.5	810/808.5

Official closing (am): Cash 878-9 (867.5-8), three months 809-9.5 (815-7), settlement 879 (868). Final kerb close: 807.5-8. Turnover: 5,600 tonnes.

US MARKETS

EARLY TRADE, commission house and local buying stedied gold futures before mixed selling at the highs prompted light liquidation to take the market to the lows where fresh buying and short-covering emerged, reports Drexel Burnham Lambert. Mixed buying in silver futures, including fund-type buying, steadied values to the highs where commission house and trade profit-taking confined the market to a narrow range for the rest of the day. Copper and platinum followed gold and silver. Crude oil futures had a lack-lustre day with trade buying holding the market barely steady. Coffee futures held steady in quiet trading on roaster price-fix buying. Sugar futures traded in a narrow range with trade scale-down buying being counterbalanced by commission house liquidation. Cotton eased as early stops in the May contract were touched-off as the market readjusted sperad alignments. The grains ware very quiet. Wheat firmed on a combination of reported export business and concern over bad weather in growing areas, whilst maize futures firmed in response to cash premiums. The meats were higher across the board in response to continuing firm cash prices.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	61.50	62.00	61.50	61.50
June	60.50	61.00	—	—
July	60.00	60.10	60.00	60.00
Sept	57.80	58.00	57.80	57.80
Dec	57.20	57.40	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
April	418.5	419.7	423.0	418.0
May	420.2	421.5	—	—
June	422.5	423.9	427.2	421.4
Aug	427.3	428.6	431.5	426.0
Oct	431.7	433.0	436.5	433.5
Dec	436.1	437.4	440.5	436.5
Feb	469.2	470.5	—	—
June	449.5	451.1	454.4	451.0

CHICAGO

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	286.2	281.2	286.4	280.5
July	272.6	266.6	272.6	267.0
Sept	273.0	269.4	273.0	269.4
Dec	276.0	273.6	278.0	274.0
March	277.2	273.0	277.2	274.0
May	270.0	266.4	270.0	268.0

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 680.5 (632.5) cents per troy ounce. New York tin 315-7 (315-8) cents per pound.

GRAINS

Old crops eased in dull trading conditions, while new crops, after an early sell-off, found good trade support to close steady, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
	£ per tonne		£ per tonne	
May	122.25	−0.10	114.60	−0.10
July	124.70	−0.55	—	—
Sep.	101.05	−0.15	99.75	−0.05
Nov.	103.20	−0.20	102.40	—
Jan.	106.15	−0.10	104.95	—
Mar.	108.55	−0.10	107.25	—
May	111.20	−0.05	109.30	—

Business done—Wheat: May 122.35-2.10, July 124.65, Sept 101.00-0.95, Nov 103.15-3.10, Jan 106.10-6.05, Mar untraded, May 111.20. Sales: 75 lots of 100 tonnes. Barley: May 114.60-4.50, Sept 99.75, Nov 102.40, Jan 104.95, Mar and May untraded. Sales: 34 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed Barley: E Mids 112.30, Scotland 114.00. The UK monetary coefficient for the week beginning Monday April 13 (based on HGCA calculations using 4 days' exchange rates) is expected to be unchanged.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April/May 96.25, June/July 96.50 sellers. US no 2 soft red winter June 92.95, July 86.25, Aug 88.25. French 11½-12 per cent April 146.25. English feed fob April 122.00 buyer, April/June 123.50 buyer/sellers, Sept 103.50 seller, Oct 105.00/106.00 buyer/seller, Oct/Dec 106.50 seller, Jan/Mar 110.75 buyer. Maize: US no 3 yellow/French transhipment east coast March 143.25. Barley: English feed fob April 117.00/118.00 buyer/seller, April/June 120.00 seller, Aug 100.0/11.00, Sept 103.0, Oct 105.00 seller, Oct/Dec 105.50/106.00 buyer/seller, Jan/Mar 110.00 buyer.

TEA

There were 39,738 packages on offer at the London tea auction, including 6,860 in the offshore section, reports the Tea Brokers' Association. The market was again very selective and demand more restricted. Assams of above average quality attracted fair competition at 5-15p per kilo below previous levels; others proved difficult to sell at 15-20p down and there were many withdraweys. Bangladesh teas were 10p or more easier where sold. Africans met only fair demand: the brighter teas opened barely steady and others were 5-12p lower, but these levels weakened to close 15-20p down with many descriptions unwanted. Prices for Ceylons declined throughout the sale, closing 10p lower with plain teas neglected. Offshore teas attracted limited support and were generally 10-15p lower. Quotations: Quality unquoted (unquoted); Medium 106p a kg (118p); Low Medium 65p a kg (78p).

OIL

May 15-day Brent traded moderately between $17.90 and $18.00 while April 15-day Brent traded thinly at a premium of about 85c to May. May WTI opened 10c down on Nymex and traded 5c down at 1.30 EDT. In the petroleum products market gas oil was weak. Naphtha and gasoline were stable in quiet discussion. Fuel oil was quiet—Petroleum Argus—London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	15.95-17.05*	−0.10
Brent Blend	18.80-18.90	+0.255
W.T.I. (1pm est)	18.60-18.65*	+0.30
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	203-205	—
Gas Oil	147-148	−2.5
Heavy fuel Oil	109-111	−0.5
Naphtha	170-172	—

GAS OIL FUTURES

Month	Yestrdy's close	+ or −	Business Done
	US $ per tonne		
Apr.	148.00	−2.50	148.75-47.50
May	146.50	−2.75	147.50-46.00
June	146.00	−2.50	148.50-45.25
July	146.00	−1.75	146.25-45.75
Aug.	148.00	−2.00	147.00-46.50
Sep.	148.00	—	148.00

Turnover: 3,858 (2,170) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing March 30 amounted to 435 tonnes against 474 tonnes in the previous week. Fair operations were seen with dealings in Pakistani, Russian, Californian, Sudanese, Chinese and West African varieties.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ending last Friday)

		(tonnes)
Aluminium	+4,375	to 111,675
Copper	+8,100	to 131,600
Lead	−1,325	to 22,125
Nickel	+252	to 4,164
Tine	−185	to 30,510
Zinc	−175	to 28,775
		(ouces)
Silver	+70,000	to 21,888,000

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound gains attention

STERLING ATTRACTED attention on the foreign exchanges yesterday, after the weekend public opinion polls, and as dealers preferred not to speculate on the D-mark and Japanese yen against the dollar, ahead of this week's International Monetary Fund meeting in Washington.

The pound rose sharply at the London opening, gaining 1 cent to $1.6240, as a result of the comfortable lead for the Conservatives in the opinion polls. This brought a reaction from the Bank of England. The central bank entered the market to sell sterling, but not on a very large scale.

Gilts and equities also showed strong gains, and London interest rates declined, but the pound began to fall back as doubts grew about a general election as early as May 7.

Sterling failed to return to its early morning peak, drifting down to close 35 points higher on the day at $1.6170-1.6180. The exchange rate index opened at the day's high of 72.5 and finished 0.5 higher at 72.4.

The pound also improved to DM 2.9525 from DM 2.9350; to FFr 9.8225 from FFr 9.7650; to SFr 2.4575 from SFr 2.4425; and to Y236.25 from Y235.25.

The dollar traded quietly throughout. Underlying sentiment remained bearish, on the simmering trade dispute between the US and Japan, and the failure of the steady decline in the value of the dollar, since the 1985 New York currency agreement, to correct the US trade deficit.

Dealers expect the meeting of Group of Seven ministers at the IMF gathering in Washington to do no more than reaffirm February's Paris currency accord, aimed at stabilising the foreign exchanges, but a mood of nervousness kept the dollar quiet.

The US currency rose to DM 1.8250 from DM 1.8180; to FFr 6.0725 from FFr 6.05; to SFr 1.5195 from SFr 1.5140; and to Y146.05 from Y145.70.

On Bank of England figures the dollar's exchange rate index rose to 101.7 from 101.4.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7870. March average 1.8355. Exchange rate index 146.5 against 142.1 six months ago.

The D-Mark weakened against the dollar in dull Frankfurt trading ahead of the Washington IMF meeting. There were no fresh factors, but the USE currency held on to small gains recorded earlier in the Far East. Victory in the Hesse state election for the Christian Democratic Union led coalition, after 40 years of rule by the Social Democrats, had no impact.

At the Frankfurt fixing the Bundesbank did not intervene when the dollar rose to DM 1.8243 from DM 1.8162. It closed at DM 1.8265, compared with DM 1.8155 on Friday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 145.70. March average 151.41. Exchange rate index 218.5 against 215.6 six months ago.

The yen showed little movement against the dollar in quiet Tokyo trading. The Bank of Japan intervened persistently to support the US currency, but only on a small scale, and the dollar closed at Y146.00, compared with Y146.05 on Friday.

Dealers were reluctant to take out positions ahead of this week's Washington meeting of finance ministers, Mr Kiichi Miyazawa, Japanese Finance Minister, said he expects the leading industrial nations to reaffirm the Paris accord, and to take coordinated action to ensure exchange rate stability.

Many dealers appeared to have ruled out any new initiative at the Washington G7 meeting. It was feared Japan would not produce strong enough measures on domestic expansion, to the other members of G7, to prevent a further fall in the value of the dollar.

£ IN NEW YORK

Apr 6	Latest	Previous Close
£ Spot	1.6180-1.6190	1.6015-1.6025
1 month	0.48-0.45 pm	0.46-0.45 pm
3 months	1.32-1.27 pm	1.30-1.27 pm
12 months	4.05-3.95 pm	4.06-3.96 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Apr. 6	Previous
8.30 am	72.5	71.5
9.00 am	72.5	71.6
10.00 am	72.4	71.6
11.00 am	72.4	71.8
Noon	72.4	71.8
1.00 pm	72.4	71.9
2.00 pm	72.4	71.9
3.00 pm	72.4	72.0
4.00 pm	72.4	71.9

CURRENCY RATES

Apr. 6	Bank rate %	Special Drawing Rights *	European Currency Unit
Sterling	—	0.79116	0.705439
U.S. Dollar	5.5	1.2882	1.13616
Canadian $	7.15	*	1.49008
Austrian Sch.	4	16.4996	14.6026
Belgian Franc	8	48.4367	43.0340
Danish Krone	7	8.8259	7.84366
Deutsche Mark	3.0	2.3392	2.07829
Neth. Guilder	4½	2.64077	2.34644
French Franc	9½	7.7835	6.91434
Italian Lira	11.5	1666.47	1481.04
Japanese Yen	2½	187.34	166.456
Norway Krone	8	N/A	7.75943
Spanish Peseta	—	N/A	145.457
Swedish Krona	7½	N/A	7.22393
Swiss Franc	3.5	N/A	1.72867
Greek Drach.	20½	N/A	152.377
Irish Punt	—	0.87585	0.777434

*C$/SDR rate for April 3: 1.67798

CURRENCY MOVEMENTS

April 6	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.4	−21.5
U.S. Dollar	101.7	−5.5
Canadian Dollar	79.3	−9.0
Austrian Schilling	137.6	+10.1
Belgian Franc	100.0	−4.4
Danish Kroner	92.7	+8.2
Deutsche Mark	146.5	+21.4
Swiss Franc	171.8	+22.0
Guilder	134.4	+14.0
French Franc	71.6	−12.8
Lira	47.9	−17.0
Yen	218.5	+62.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 6	£	$
Argentina	2.4815-2.4925	1.5350-1.5410
Australia	2.2780-2.2880	1.4060-1.4070
Brazil	36.4410-36.6460	22.5430-22.6560
Finland	7.1975-7.2100	4.4440-4.4460
Greece	214.70-218.50	132.50-134.80
Hong Kong	12.6100-12.6300	7.8000-7.8020
Iran	115.50*	71.20*
Korea (Sth)	1356.65-1368.95	842.00-848.80
Kuwait	0.44200-0.44270	0.27330-0.27350
Luxembourg	61.10-61.20	37.75-37.85
Malaysia	4.0500-4.0600	2.5060-2.5080
Mexico	1813.70-1832.65	1122.00-1133.00
N. Zealand	2.8260-2.8335	1.7445-1.7475
Saudi Ar.	6.0655-6.0710	3.7500-3.7510
Singapore	3.4530-3.4630	2.1365-2.1385
S. Af. (Cm)	3.2860-3.3080	2.0265-2.0325
S. Af. (Fn)	4.9865-5.1445	3.0770-3.1745
Taiwan	55.00-55.30	34.10-34.20
U.A.E.	5.9400-5.9455	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0340	+1.36	+0.85	±1.5344
Danish Krone	7.85212	7.84366	−0.11	−0.62	±1.6404
German D-Mark	2.05853	2.07829	+0.96	+0.45	±1.0981
French Franc	6.90403	6.91434	+0.15	−0.36	±1.3674
Dutch Guilder	2.31943	2.34644	+1.16	+0.65	±1.5012
Irish Punt	0.768411	0.777434	+1.17	+0.66	±1.6684
Italian Lira	1483.58	1481.04	−0.17	−0.17	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6150-1.6245	1.6170-1.6180	0.48-0.45 c pm	3.45	1.32-1.27 pm	3.20
Canada	2.1140-2.1315	2.1140-2.1150	0.55-0.45 c pm	2.84	1.44-1.29 pm	2.58
Neth'lands	3.32½-3.34¼	3.32¾-3.33¾	1¼-1⅛ c pm	4.28	3⅝-3½ pm	4.20
Belgium	61.06-61.33	61.10-61.20	15-11 c pm	2.55	39-36	2.45
Denmark	11.12⅞-11.17⅞	11.14¼-11.15¼	⅛-⅞ ore dis	−0.54	1-1⅞ dis	−0.49
Ireland	1.1095-1.1100	1.1050-1.1060	0.25-0.37 p dis	−3.36	0.61-0.95 dis	−2.82
W. Germany	2.94⅛-2.96¼	2.94⅞-2.95⅞	1½-1⅜ pf pm	5.84	4⅜-4¼ pm	5.76
Portugal	226.77-228.36	226.80-227.70	48-132 c dis	−4.75	225-338 dis	−4.94
Spain	206.65-207.34	206.65-206.95	95-128 c dis	−6.30	312-355 dis	−6.45
Italy	2097¼-2110¼	2102¼-2103¼	8-par lire pm	0.57	3pm-2 dis	0.10
Norway	11.02-11.06¾	11.04½-11.05½	3½-4½ ore dis	−4.07	11½-12½ dis	−4.39
France	9.80⅜-9.85¼	9.81¼-9.82¼	1¼-1⅛ c pm	1.76	3½-3¼ pm	1.35
Sweden	10.27¼-10.29¼	10.27½-10.28½	⅛ pm-⅜ ore dis	−0.15	⅝-1⅛ dis	−1.43
Japan	235¾-237⅛	235¾-236¾	1¼-1 y pm	5.71	3½-3¼ pm	5.71
Austria	20.73-20.80	20.73-20.76	9¾-8½ gro pm	5.24	27¼-24¾ pm	5.09
Switzerland	2.45¼-2.46½	2.45¼-2.46¼	1½-1¼ c pm	6.71	3¾-3½ pm	6.00

Belgian rate is for convertible francs. Financial franc 61.25-61.35. Six-month forward dollar 2.25-2.20 c pm 12-month 4.06-3.96 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6150-1.6245	1.6770-1.6180	0.48-0.45c pm	3.45	1.32-1.27pm	3.20
Ireland†	1.4625-1.4667	1.4655-1.4665	0.89-0.83c pm	7.04	2.35-2.15 pm	6.14
Canada	1.3040-1.3090	1.3070-1.3080	0.05-0.08c dis	−0.60	0.18-0.25 dis	−0.65
Netherlands	2.0550-2.0625	2.0595-2.0605	0.19-0.16c pm	1.02	0.60-0.56pm	1.12
Belgium	37.70-37.85	37.75-37.85	1-4c dis	−0.79	3-7 dis	−0.53
Denmark	6.87-6.89½	6.89-6.89½	1.75-2.45ore dis	−3.66	5.80-6.50 dis	−3.57
W. Germany	1.8210-1.8285	1.8245-1.8255	0.40-0.37pf pm	2.53	1.22-1.17 pm	2.62
Portugal	141-141¼	141-141¼	70-120c dis	−8.09	250-320 dis	−8.09
Spain	127.60-127.87	127.75-127.85	97-107c dis	−9.58	300-320 dis	−9.70
Italy	1297-1302	1299¾-1300¼	2.90-3.40lire dis	−2.92	9-11dis	−3.09
Norway	6.79-6.83½	6.83-6.83½	4.00-4.50ore dis	−7.49	12.60-13.10dis	−7.55
France	6.06-6.08	6.07-6.07½	0.90-1.10c dis	−1.98	2.55-2.85 dis	−1.78
Sweden	6.33½-6.35¼	6.35¼-6.35¾	1.70-2.00ore dis	−3.66	5.30-5.70dis	−3.43
Japan	145.85-146.30	146.00-146.10	0.33-0.29y pm	2.55	0.98-0.93 pm	2.61
Austria	12.80-12.84	12.83¼-12.83¾	2.30-1.80gro pm	1.92	6.75-5.75 pm	1.95
Switzerland	1.5150-1.5205	1.5190-1.5200	0.42-0.37c pm	2.85	1.13-1.08 pm	2.91

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.85-37.95.

EURO-CURRENCY INTEREST RATES

Apr. 6	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅛-10⅜	10½-10¼	9 13/16-10 1/16	9¾-9⅝	9½-9⅜	9½-9⅜
U.S. Dollar	6 5/16-6 3/16	6½-6¼	6 7/16-6 5/16	6 9/16-6 7/16	6½-6⅜	6 11/16-6 9/16
Can. Dollar	6⅞-6 11/16	6¾-7	6 13/16-6 11/16	7-7¼	7-7¼	7 3/16-7 5/16
D. Guilder	5⅜-5 5/16	5⅜-5 5/16	5 5/16-5 3/16	5 5/16-5 3/16	5 5/16-5 3/16	5 5/16-5⅞
Sw. Franc	1½-1½	1½-1⅞	3⅛-3¼	3 7/16-3 5/16	3⅝-3¼	3¾-3⅞
Deutschmark	3 11/16-3 13/16	3⅞-3¾	3⅞-3¾	3⅞-3¾	3 13/16-3 15/16	3 15/16-4 1/16
Fr. Franc	7½-8	7 11/16-8⅛	7 13/16-8 1/16	8⅛-8⅜	8¼-8⅜	8⅛-8⅜
Italian Lira	8-10	8¾-9½	9¼-9¾	9½-9¾	9½-9¾	9¾-10¼
B. Fr. (Fin.)	7-7¼	7⅛-7⅜	7 3/16-7 5/16	7 3/16-7 5/16	7½-7⅞	7 3/16-7 5/16
B. Fr. (Con.)	6¾-7⅛	7-7⅛	7-7⅛	7-7⅛	7¼-7⅝	7¼-7⅝
Yen	3 13/16-4	3 13/16-3⅞	3⅞-4	3 13/16-4	3 13/16-4	3⅞-4
D. Krone	9¾-10¼	10¼-10⅝	10¼-10¾	10¼-10⅝	10¼-10⅝	10¼-10⅝
Asian $ (Sing.)	3½-3¼	N/A	3½-3½	3½-3⅜	3½-3⅜	3⅞-3⅜

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7¼-7½ per cent; four years 7½-7⅝ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.618	2.953	236.3	9.823	2.458	3.335	2103.	2.115	61.15
$	0.618	1.	1.825	146.1	6.073	1.520	2.060	1300.	1.307	37.80
DM	0.339	0.548	1.	80.02	3.327	0.832	1.129	712.2	0.716	20.71
YEN	4.233	6.847	12.50	1000.	41.58	10.40	14.11	8901.	8.950	258.8
F Fr.	1.018	1.647	3.006	240.5	10	2.502	3.393	2141.	2.153	62.25
S Fr.	0.407	0.658	1.201	96.13	3.997	1.	1.356	855.6	0.860	24.88
H Fl.	0.300	0.485	0.886	70.89	2.947	0.737	1.	631.0	0.635	18.35
Lira	0.476	0.769	1.404	112.4	4.671	1.169	1.585	1000.	1.006	29.08
C $	0.473	0.765	1.396	111.7	4.645	1.162	1.576	994.4	1.	28.92
B Fr.	1.635	2.645	4.828	386.3	16.06	4.019	5.450	3439.	3.458	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilt prices firmer

GILT PRICES rose quite sharply in the London International Financial Futures Exchange yesterday in reaction to opinion polls which suggested the Conservative Party had a clear lead over opposition parties. Cash rates were pushed firmer as the market reversed last week's more subdued trend.

Sterling's stronger performance yesterday also gave encouragement although some dealers expressed concern that the market was acting too much on impulse and that expectations of an early election were probably a little too strong.

Nevertheless the June long gilt price opened at 124-00 up from 122-18 on Friday and rose initially before attracting a little profit taking which brought it back to 123-22. However renewed buying appeared in the afternoon and the price moved to a high of 124-18 before coming off towards the close on profit taking to finish at 124-07.

Three-month sterling deposits acted in much the same way but were a little less volatile. The June price opened at 90.88 up from 90.61 and touched a high of 90.78 quite early on. It also finished at this level, reflecting a decline in cash rates, again reflecting optimism about the possibilities of an early cut in clearing bank base rates.

Three-month Euro-dollars and US Treasury bonds were confined to a relatively narrow range as speculators held back ahead of this week's meeting of the G-7 nations. Those participating were fairly evenly divided as to whether the Paris accord would receive endorsement or whether any statement would be undermined by the US authorities allowing the dollar to fall further.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	12.15	12.29	0.00	0.15
114	10.18	10.41	0.04	0.27
116	8.20	8.59	0.06	0.45
118	6.28	7.21	0.14	1.07
120	4.45	5.56	0.31	1.42
122	3.12	4.39	0.62	2.25
124	2.00	3.38	1.53	3.20
126	1.14	2.40	3.00	4.26

Estimated volume total, Calls 1,689 Puts 1057
Previous day's open int: Calls 20,765 Puts 11,613

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	6.09	5.46	0.05	0.46
94	4.21	4.17	0.17	1.17
96	2.48	3.02	0.44	2.02
98	1.29	2.04	1.25	3.04
100	0.39	1.21	2.35	4.21
102	0.14	0.52	4.10	5.52
104	0.04	0.30	6.00	7.30
106	0.01	0.17	7.61	9.17

Estimated volume total, Calls 38 Puts 2
Previous day's open int: Calls 258 Puts 382

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Apr	Calls-Last May	Puts-Last Apr	Puts-Last May
19250	11.60	12.73	0.30	1.43
19500	9.38	10.82	0.58	2.02
19750	7.34	9.06	1.04	2.76
20000	5.53	7.48	1.73	3.68
20250	4.00	6.07	2.70	4.77
20500	2.85	4.85	4.15	6.05
20750	1.99	3.81	5.69	7.51
21000	1.29	2.94	7.49	9.14

Estimated volume total, Calls 25 Puts 1
Previous day's open int: Calls 284 Puts 249

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]			

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]			

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]			

LIFFE—EURODOLLAR OPTIONS

[illegible]			

LONDON

20-YEAR 12% NOTIONAL GILT

[illegible]				

10% NOTIONAL SHORT GILT

[illegible]				

THREE-MONTH STERLING

[illegible]				

FT-SE 100 INDEX

[illegible]				

THREE-MONTH EURODOLLAR

[illegible]				

U.S. TREASURY BONDS 8%

[illegible]				

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]				

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.6085	1.6141	1.6040	1.6060
Sept.	1.5985	—	—	1.5955
Dec.	1.5885	—	—	1.5860

Estimated volume 36 (3)
Previous day's open int 222 (220)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

[illegible]				

JAPANESE YEN (IMM)

[illegible]				

DEUTSCHE MARK (IMM)

[illegible]				

THREE-MONTH EURODOLLAR (IMM)

[illegible]				

U.S. TREASURY BILLS (IMM)

June	94.34	94.36	94.33	94.30
Sept.	94.31	94.32	94.30	94.26
Dec.	94.26	94.26	94.24	94.19
Mar.	94.14	94.14	94.11	94.08

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Close	High	Low	Prev.
June	0.6630	0.6636	0.6619	0.6652
Sep.	0.6673	0.6675	0.6660	0.6694
Dec.	0.6730	—	0.6710	0.6736
Mar.	—	—	—	0.6790

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
June	304.15	305.40	303.36	303.45
Sept.	306.15	307.50	305.45	305.45
Dec.	308.00	309.60	307.55	307.35

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 6 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.2154
Algeria	Dinar	7.5052
Andorra	French Franc	9.8225
	Spanish Peseta	206.80
Angola	Kwanza	46.387
Antigua	E. Caribbean $	4.38
Argentina	Austral	2.4870
Aruba	Florin	2.9115
Australia	Australian $	2.2830
Ghana	Cedi	253.344
Gibraltar	Gibraltar £	1.0
Greece	Drachma	216.60
Greenland	Danish Krone	11.1475
Grenada	E. Caribbean $	4.38
Guadaloupe	Local Franc	9.8225
Guam	U.S. $	1.6175
Guatemala	Quetzal	1.6175
		(F) 4.5295
Guinea	Franc	551.14
Panama	Balboa	1.6105
Papua New Guinea	Kina	1.4719
Paraguay	Guarani	889.35
		1152.11
Peru	Inti	exc(o)24.07
		(F) 32.92
		(Fn) 30.10
Philippines	Philippine Peso	32.38
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.8298
[illegible]	[illegible]	[illegible]

†Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Bahrain rates, Auction price for dollar N/A. (16) Bolivia, New Currency introduced (Boliviano, worth 1m Pesos) Jan 1 1987. Correction for March 30, 1987—Syria £6.3212.

MONEY MARKETS

UK rates lower on opinion polls

INTEREST RATES were lower in the London money market yesterday as the market reacted to the latest opinions polls which showed the Conservative party with a clear lead. Three-month interbank money eased to 9⅞-9¾ per cent compared with 10-9⅞ per cent.

However some dealers remained sceptical, suggesting that there had been little change from last week when the prospects of an early cut in base rates had been all but dismissed. Speculation about an early election was probably behind much of the enthusiasm but unless there is some announcement within the next four or five weeks, then rates could consolidate, faced with a wait until the Autumn for an election.

UK clearing bank base lending rate 10 per cent since March 18-19

Short term money was in short supply and overnight money reached 10⅞ per cent before easing at the close to around 2 per cent.

The Bank of England forecast a shortage of around £1,050m with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take-up of Treasury bills draining £851m and repayment of the gilt repurchase facility a further £1,075m. In addition banks brought forward balances £105m below target. These were partly offset by Exchequer transactions which added £440m and a fall in the note circulation of £325m.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £174m and comprised outright purchases of £10m of local authority bills in band 1 at 9⅞ per cent and £164m of eligible bank bills in band 2 at 9 13/16 per cent.

The forecast was revised to a shortage of around £1,050m before taking into account the morning help and the Bank gave additional assistance of £357m through outright purchases of £55m of eligible bank bills in band 1 at 9⅞ per cent and in band 2 £57m of Treasury bills and £185m of eligible bank bills all at 9 13/16 per cent. In band 3 it bought £60m of eligible bank bills at 9¾ per cent.

Once again the forecast was revised, this time to a shortage of around £1,100m and the Bank gave further help in the afternoon of £622m through outright purchases of £7m of eligible bank bills in band 1 at 9⅞ per cent, £594m in band 2 at 9 13/16 per cent and £21m in band 3 at 9¾ per cent. Total help came to £1,153m.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 6) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 7/16	offer 6 9/16	bid 6½	offer 6⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7½-7¼
Fed. funds	6⅛
Fed funds at intervention	6⅛

Treasury Bills and Bonds

One month	5.55	Three year	6.80
Two month	5.47	Four year	6.99
Three month	5.62	Five year	7.06
Six month	5.92	Seven year	7.33
One year	6.06	10 year	7.51
Two year	6.56	30 year	7.83

Apr. 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.60-3.70	3.70-3.80	3.75-3.85	3.75-3.90	3.80-3.95	5.0
Paris	7⅞-8	7⅞-8	7⅞-8	7⅞-8	7⅞-8	7¾
Zurich	⅞-1½	3⅛-3¼	—	3⅛-3⅜	—	—
Amsterdam	5⅛-5¼	5⅜-5½	—	5⅜-5½	—	—
Tokyo	3.71875	3.84375	—	4.03125	—	—
Milan	10¼-10⅞	10-10½	—	10⅛-10⅝	—	—
Brussels	4.90	7¼-7⅛	—	7¼-7⅛	—	—
Dublin	14-14¼	13⅝-13⅞	13⅛-13½	12⅞-13⅛	11⅞-12⅛	—

LONDON MONEY RATES

Apr. 6	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10⅞-2	10¼-10	10 1/16-9 13/16	9⅞-9¾	9 11/16-9 9/16	9½-9⅜
Sterling CDs	—	—	9 13/16-9 11/16	9 13/16-9 11/16	9 9/16-9 7/16	9 7/16-9 5/16
Local Authority Deposits	10⅛-9⅞	9⅞	9⅞	9¾	9⅝	9½
Local Authority Bonds	—	—	10⅛	9 15/16	9 11/16	9 9/16
Discount M'ket Deposits	10-6	10	9⅞	9¾	—	—
Company Deposits	10⅛-10	10⅛	10⅛-10	9⅞	9 11/16	9⅝
Finance House Deposits	—	—	10	9⅞	9¾	9⅝
Treasury Bills (Buy)	—	—	9 13/16	9⅝	—	—
Bank Bills (Buy)	—	—	9 13/16	9⅝	9½	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	9⅞	—
Dollar CDs	—	—	6.40-6.35	6.40-6.35	6.53-6.48	6.70-6.65
SDR Linked Deposits	—	—	6⅛-5⅞	6⅛-5⅞	6⅛-5⅞	6⅛-6
ECU Linked Deposits	—	—	7-6⅞	7-6⅞	7-6⅞	7⅛-7

Treasury Bills (sell): one-month 9 11/16 per cent; three-months 9⅝ per cent; Bank Bills (sell): one-month 9⅝ per cent; three months 9 9/16 per cent; Treasury Bills: Average tender rate of discount 9.5195 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.003 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8 per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	FRIDAY APRIL 3 1987: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	DOLLAR INDEX: 1986/87 High	1986/87 Low	Year ago
Australia (94)	126.79	+2.9	116.47	118.82	2.92	126.79	70.18	86.72
Austria (16)	93.43	+1.6	85.83	88.05	1.81	101.62	70.60	74.93
Belgium (47)	117.71	+1.6	108.13	109.44	4.23	118.92	53.75	73.61
Canada (131)	134.24	+1.7	123.31	127.14	2.25	134.35	86.58	97.04
Denmark (39)	113.28	+0.6	104.05	105.65	2.35	124.10	87.87	97.46
France (122)	119.94	+1.1	110.17	113.82	2.27	120.79	57.72	80.63
West Germany (90)	94.70	−0.3	86.99	89.50	2.08	100.33	74.48	82.86
Hong Kong (45)	106.36	−1.1	97.70	106.53	3.17	114.71	62.87	65.65
Ireland (14)	122.85	+0.6	112.85	117.56	3.60	131.44	62.33	82.93
Italy (76)	103.90	+0.6	95.44	100.49	1.56	108.30	46.07	78.70
Japan (458)	134.45	+0.7	123.50	123.83	0.52	134.45	49.46	67.44
Malaysia (36)	133.36	+1.6	122.50	128.76	2.78	135.38	66.67	73.99
Mexico (14)	157.12	+2.4	144.33	193.35	1.05	157.12	43.00	55.06
Netherland (38)	114.95	+0.2	105.59	107.50	4.10	114.95	74.14	82.02
New Zealand (27)	95.19	+0.9	87.44	88.21	3.05	100.59	47.37	62.15
Norway (25)	125.59	+0.8	115.37	116.13	2.09	127.09	90.02	100.36
Singapore (27)	119.88	+1.0	110.12	118.03	3.15	122.51	55.94	57.69
South Africa (61)	161.77	−2.8	148.60	110.52	3.71	175.51	69.06	100.03
Spain (43)	109.70	+0.6	100.76	105.83	3.84	121.31	45.00	74.09
Sweden (33)	113.21	+1.1	103.99	106.13	2.25	115.19	63.35	82.50
Switzerland (51)	99.79	+1.4	91.66	93.66	1.80	104.06	69.01	77.49
United Kingdom (342)	128.42	−0.4	117.97	117.97	3.58	133.88	75.39	99.94
USA (598)	122.53	+1.5	112.56	122.53	2.96	124.06	85.46	97.78
Europe (936)	114.30	+0.1	104.99	106.75	2.93	115.20	69.36	87.96
Pacific Basin (687)	133.08	+0.7	122.25	122.95	0.69	133.08	51.10	68.02
Euro-Pacific (1623)	125.59	+0.5	115.37	116.47	1.50	125.59	58.45	75.87
North America (729)	123.15	+1.5	113.13	122.80	2.92	124.60	85.61	97.74
World Ex. US (1829)	126.31	+0.5	116.03	116.87	1.56	126.31	60.02	76.87
World Ex. UK (2085)	124.51	+1.0	114.37	119.27	1.95	124.51	69.65	83.69
World Ex. So. Af. (2366)	124.61	+0.9	114.46	119.13	2.08	124.61	69.95	84.98
World Ex. Japan (1969)	120.28	+1.0	110.49	116.80	2.94	121.08	79.87	93.51
The World Index (2427)	124.85	+0.9	114.68	117.13	2.30	124.85	70.14	85.07

Base values: Dec 31, 1986 = 100

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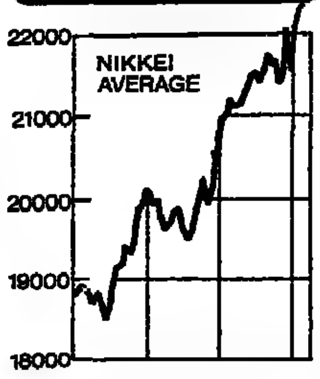
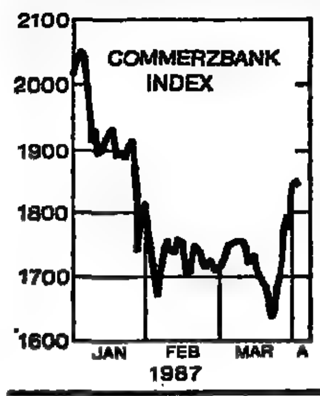
3.00 p.m. New York prices

TOKYO



FRANKFURT



EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		May 87		Aug 87		Nov 87		
GOLD C	$400	132	26.50	27	37	—	—	$421.60
GOLD C	$420	382	13	90	24.50	14	33	"
GOLD C	$440	357	5.10	43	14	5	23.50	"
GOLD C	$460	—	—	4	8	19	16	"
GOLD P	$400	20	2.10	2	6.50	13	9.50	"
GOLD P	$420	90	8	—	—	—	—	"
GOLD P	$440	10	19.50	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$500	12	158	—	—	—	—	$654
SILVER C	$550	10	100B	1	110	4	128	"
SILVER C	$600	14	65	6	75	—	—	"
SILVER C	$650	20	37	—	—	5	56	"
SILVER C	$700	21	19	—	—	—	—	"
£/FI C	FI.320	10	13.50	—	—	—	—	FI.333.45
£/FI C	FI.340	95	1.80B	—	—	—	—	"
£/FI P	FI.330	10	5	—	—	—	—	"
		Apr 87		May 87		Jun 87		
$/FI C	FI.205	5	2.20	1	3.10	100	4	FI.206.15
$/FI C	FI.210	217	0.60	150	1	10	2.20	"
$/FI C	FI.245	—	—	—	—	230	0.10	"
$/FI P	FI.190	—	—	—	—	20	0.50	"
$/FI P	FI.200	—	—	2	1.20	—	—	"
$/FI P	FI.205	104	1.30	21	2.70	28	3.60	"
		Sep 87		Dec 87		Mar 88		
$/FI C	FI.205	109	6.20	—	—	6	8.60	FI.206.15
$/FI C	FI.210	—	—	22	5.45	3	6.70	"
$/FI C	FI.215	50	2.30B	—	—	—	—	"
$/FI C	FI.220	50	1.40	—	—	—	—	"
$/FI C	FI.225	—	—	20	1.80	—	—	"
$/FI P	FI.190	4	1.60	20	2.90	—	—	"
$/FI P	FI.200	10	4.20	4	6.10	—	—	"
$/FI P	FI.205	7	6.55	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	FI.540	1151	6.80	201	18.10	76	24.50	FI.535.50
ABN P	FI.500	72	0.70	251	8	82	15.50	"
AEGON C	FI.90	377	3.70	76	7	56	8	FI.93
AEGON P	FI.100	3	8A	105	8.70			"
AHOLD C	FI.110	144	3.50	19	6.70	12	7.50	FI.111.90
AHOLD P	FI.110	71	1.60	21	3.80			"
AKZO C	FI.140	805	2.30	548	5.20	62	8.90	FI.139
AKZO P	FI.140	625	2.50	400	9	123	10	"
AMEV C	FI.70	456	2.80	190	4.70	30	6.60	FI.71.70
AMEV P	FI.65			119	1.60	2	2.70A	"
AMRO C	FI.85	1151	2.30	291	4.80	56	7.30	FI.86.30
AMRO P	FI.80	448	0.60	64	2.20	54	3.20	"
ELSEVIER C	FI.260	143	6	242	14.20	8	17	FI.263
ELSEVIER P	FI.250	17	1.90	83	7.50	3	10.30B	"
GIST-BROC. C	FI.45	609	1.40	153	3.30			FI.45.70
GIST-BROC. P	FI.45	77	1	73	2.50	3	3.10	"
HEINEKEN C	FI.170	179	9	250	12	20	13.50	FI.178.50
HEINEKEN P	FI.170	66	1	22	4	2	5.50	"
HOOGOVENS C	FI.40	913	0.90	110	1.50	76	34	FI.38.90
HOOGOVENS P	FI.35	397	1.30	60	3.70	75	4.80	"
KLM C	FI.40	370	2.80	65	4.30	64	5.70	FI.42.80
KLM P	FI.45	49	2.70	222	3.60	25	5	"
NED. LLOYD C	FI.180	238	3.80	109	6.50	30	8.50	FI.180
NED. LLOYD P	FI.170	67	1.80	24	9	2	10.50	"
NAT. NED C	FI.80	416	1.30	601	4.30	179	3.20	FI.78.60
NAT. NED. P	FI.75	32	0.90	165	3	60	4	"
PHILIPS C	FI.50	4729	2	2006	3.60	384	4.90	FI.51.60
PHILIPS P	FI.50	544	1.20	215	2.30	87	3	"
ROYAL DUTCH C	FI.250	1739	6.50	1215	8.70A	973	10.50	FI.252.60
ROYAL DUTCH P	FI.250	695	3.40	67	11.60B	201	15	"
ROBECO C	FI.100	71	3	4	3.20	3	4	FI.103.40
ROBECO P	FI.100	50	0.70	14	2	3	2.90	"
UNILEVER C	FI.600	441	8.60	528	20.50	126	28.50	FI.598
UNILEVER P	FI.520	90	0.10	218	2.80	16	5.90	"

TOTAL VOLUME IN CONTRACTS: 70,775

A=Ask B=Bid C=Call P=Put

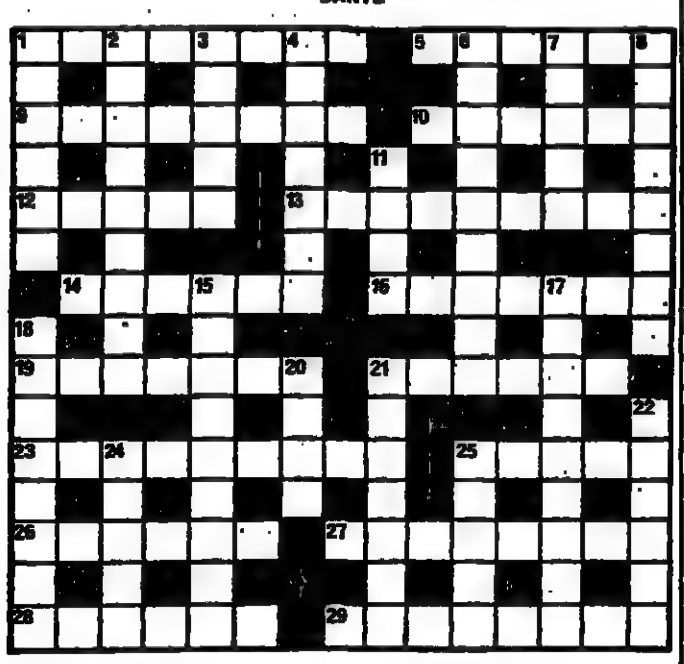
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Mat Credit Corp. Ltd.	10
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk.	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred.	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk.	10	Provincial Trust Ltd.	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equatorial Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd.	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Credit & Comm.	10	First Nat. Fin. Corp.	11	Trustee Savings Bk.	10
Bank of Cyprus	10	First Nat. Sec. Ltd.	11	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of India	10	Robert Fraser & Ptrs.	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Unity Trust PLC	9½
Banque Belge Ltd	10	● Guinness Mahon	10	Westpac Banking Corp	10
Barclays Bank	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Benchmark Tst Ltd	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Trust Ltd.	11	Heritable & Gen. Tst.	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co.	10		
● Brown Shipley	10	Hongkong & Shanghai	10		
Business Mortgage Tst.	10	Lloyds Bank	10		
CL Bank Nederland	10	Meghraj Westpac Ltd.	10		
Canada Permanent	10	Meghraj & Sons Ltd.	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Sawwise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¾% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

F.T. CROSSWORD PUZZLE No. 6,297

DANTE



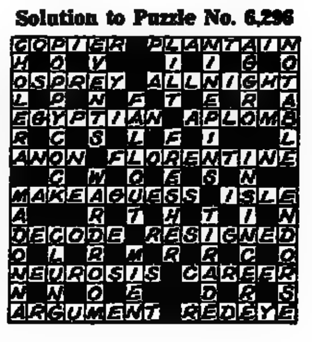
ACROSS

1 Company worker needs strict control (4, 4)
5 Aim to be awkward? (6)
9 Might a pen have written it? (4-4)
10 Chestnuts on the Spanish tree (6)
12 Directions to prosecute follow (5)
13 Hasty article written about corporal punishment (9)
14 Conforming part of the body (6)
16 She turns Eastern hearts (7)
19 Needle without an eye? (7)
21 Pretend to have influence (6)
23 Jack's right (9)
25 How to tell a foreign nobleman (5)
26 Common sort of friend Dickens wrote about (6)
27 Uniformed footmen (8)
28 Does badly without copper for currency (6)
29 He makes a living from dirty pictures (8)

DOWN

1 He refuses to eat more quickly (6)
2 Aptitude one acquires by frequently being in the way? (4-5)
3 Expedition has only half a tent (5)
4 Without any breaks? That's no French way to work (7)
6 Its contents are usually back to front (9)
7 Apathy of the French (5)
8 Even when it's wired correctly, it can still shock (8)
11 Sort of saw for pine (4)
15 Dog food dropped from the back of a lorry (9)
17 Points to oppose in the meeting (9)
18 N.C.O. arranged battle course (8)
20 Famous actor sounds enthusiastic (4)
21 A go-slow which could be at an end (7)
22 He doesn't go for a horse that will finish (6)
24 Athenian garret (5)
25 Boat with half the crew in the stern (5)

Solution to Puzzle No. 6,296



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc.	272.8	290.2xd	+1.4	5.00
(Accum Units)	338.1	359.6	+1.8	5.00
UK Growth	336.2	357.6xd	+3.6	2.42
(Accum Units)	358.2	381.0	+3.8	2.42

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	40.0	42.3	+0.5	1.77
MLA Income Trust	54.2	57.4	+0.3	3.91
MLA Int.	61.7	65.9xd	+0.5	0.82
MLA Gilt Unit Tst	25.4	26.1	+0.4	9.95
MLA European Trust	35.0	37.8	—	0.67
MLA American Tst	28.4	30.1	+0.4	0.83
MLA Emerging Mkt. Tst	—	25.0	—	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	116.0	122.2xd	—	7.12
Growth Units	97.0	103.1	—	2.61
High Income Unit	137.4	146.0xd	—	3.87
High Yielding Gilt Uts	61.0	65.1	—	8.04
Intl Growth Unit Tst	154.6	164.3	—	0.35
UK Smaller Cos.	105.5	112.1	—	1.63
North American	84.0	89.3	—	0.40
Far East	127.6	135.6	—	0.02

Mayflower Management Co. Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income March 30	310.5	330.3xd	—	3.38
General March 30	244.2	259.8xd	—	1.97
International March 30	153.5	163.3xd	—	0.65
Global Inc Fd March 30	49.6	52.8xd	—	5.15

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

[illegible]

Perpetual Unit-Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	313.2	334.3	+3.6	0.95
Income	228.5	243.4xd	+1.6	3.67
Worldwide Recovery	168.4	179.4	+1.8	1.40
American Growth	78.2	83.5	+1.2	0.86
Intl. Emerging Cos.	95.4	101.5	+0.5	0.71
Far East Growth Fd.	97.1	103.7	—	0.77
European Growth Fd.	64.3	68.6	+0.2	1.09

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544

Prolific American Inc.	60.1	64.0	-0.3	3.71
Prolific G'ynt & Gilt	115.5	122.9	+0.3	4.63
Prolific Euro Growth	50.6	53.9	-1.3	2.46
Prolific Extra Inc.	208.8	222.4xd	+0.8	5.61
Prolific Far East	201.6	215.7	+0.8	—
Prolific High Inc.	79.2	84.3	+0.4	9.38
Prolific Intl.	141.5	150.8xd	+1.0	0.32
Prolific N. Amer.	137.8	147.4	+0.4	—
Prolific Spec. Sits	94.8	101.4	+0.8	0.87
Prolific Technology	141.9	151.8	+2.4	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	95.8	102.0xd	+0.8	0.00
Japan Acc.	96.0	102.2	+0.8	0.00
Worldwide Inc.	78.1	82.7xd	—	1.08
Worldwide Acc.	79.3	84.2	—	1.08
European Tst Inc.	94.7	100.3	-0.9	0.35
European Tst Acc.	95.4	101.0	-0.9	0.35
North American Inc.	68.0	72.0	+0.4	1.18
North American Acc.	68.8	72.9	+0.4	1.18
UK Equity Inc.	80.2	84.9	+0.2	1.92
UK Equity Acc.	83.8	88.7	+0.2	1.92
UK High Inc. Eqty Inc.	58.6	62.1	+0.4	4.89
UK High Inc. Eqty Acc.	60.0	63.6	+0.4	4.89
Hong Kong Trust	44.4	47.0	-0.3	0.38
Swiss Equities Trust	45.1	48.3	-0.1	0.89

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA 01-588 3963

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pension Funds

American (Cap)	332.3	349.8	+2.3	—
American (Acc)	461.6	484.7	+3.1	—
Building Soc (Cap)	93.8	98.4	+0.1	—
Building Soc (Acc)	130.3	136.9	+0.1	—
Deposit (Cap)	154.0	161.8	+0.1	—
Deposit (Acc)	213.9	224.7	+0.1	—
European (Cap)	140.1	147.2	—	—
European (Acc)	194.6	204.5	+0.1	—
Equity (Cap)	391.1	410.8	-4.0	—
Equity (Acc)	542.9	570.1	-5.6	—
Gilt (Cap)	242.2	254.4	-0.4	—
Gilt (Acc)	336.5	353.4	-0.5	—
Gold (Cap)	106.9	112.0	+1.7	—
Gold (Acc)	148.5	156.1	+2.4	—
Index-Linked (Cap)	96.2	101.1	+0.4	—
Index-Lnkd Gilt (Acc)	133.7	140.5	+0.6	—
International (Cap)	110.1	115.7	+0.6	—
International (Acc)	153.0	160.7	+0.8	—
Intnl Inc (Cap)	105.1	110.4	-1.6	—
Intl Inc (Acc)	146.0	153.4	-2.1	—
Japan (Cap)	134.3	141.1	-0.2	—
Japan (Acc)	186.6	196.0	-0.3	—
Managed (Cap)	305.6	321.0	-0.9	—
Managed (Acc)	424.6	445.9	-1.2	—
PPP Fund (Cap)	305.6	321.0	-0.9	—
PPP Fund (Acc)	424.6	445.9	-1.2	—
Pacific (Cap)	253.3	266.1	+0.9	—
Pacific (Acc)	351.9	369.6	+1.2	—
Property (Cap)	132.2	138.9	—	—
Property (Acc)	183.7	192.9	-0.8	—
Recovery (Cap)	187.5	197.0	-0.8	—
Recovery (Acc)	260.4	273.6	-1.2	—
UK Income (Cap)	107.3	112.8	-0.8	—
UK Income (Acc)	149.1	156.6	-1.2	—
Personal Pension (Acc)		1626.0	+2.0	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	212.7	223.9	+1.2	—
Do. Accum	237.4	249.9	+1.4	—
Special Situations	190.8	200.9	+2.3	—
Do. Accum	213.0	224.3	+2.9	—
North American	185.8	195.6	+2.3	—
Do. Accum	207.9	218.9	+2.6	—
Pacific Basin	308.8	325.1	—	—
Do. Accum	344.8	363.0	+0.6	—
Fixed Interest	212.4	223.6	+0.9	—
Do. Accum	237.0	249.5	+1.0	—
Property	117.0	123.2	—	—
Do. Accum	130.8	137.7	—	—
Deposit	112.1	118.1	-0.1	—
Do. Accum	125.2	131.8	+0.1	—
Managed	203.9	214.7	+1.5	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.0	196.9	—	—
Managed Prospect Fund	146.7	154.5	—	—
UK Equity Fd	219.0	230.6	—	—
Fixed Interest	146.5	154.3	—	—
Pacific	183.0	192.7	—	—
North American	116.9	123.1	—	—
Pens. Managed	220.2	231.8	—	—
Pens. UK Equity	262.0	275.8	—	—
Pens. Overseas Equity	300.1	315.9	—	—
Pens. Property	116.8	123.0	—	—
Pens. Fixed Interest	156.3	164.6	—	—
Pens. Index Linked	123.6	130.2	—	—
Pens. Deposit	142.2	149.7	—	—
P.R.P. UK Equity	113.2	119.2	—	—
P.R.P. Overseas Equity	106.2	111.8	—	—
P.R.P. Fixed Interest	105.6	111.2	—	—
P.R.P. Property	96.1	101.2	—	—
P.R.P. Index Linked	111.1	117.0	—	—
P.R.P. Deposit	97.4	102.6	—	—
P.R.P. Managed	109.7	115.5	—	—
P.R.P. With Profits	97.7	102.9	—	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.60	138.60	—	—
Guaranteed Deposit	117.42	123.57	—	—
International	168.45	177.31	—	—
Managed	143.90	151.47	—	—
Property	130.54	137.41	—	—
UK Equities	177.36	186.69	—	—
Pens Fixed Interest	123.65	130.15	—	—
Pens Grtd Deposit	117.85	124.05	—	—
Pens International	183.56	193.20	—	—
Pens Managed	154.30	162.48	—	—
Pens Property	142.99	150.51	—	—
Pens UK Equities	154.77	162.91	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	286.4	301.5	+1.6	—
UK Equity	361.7	380.8	+2.2	—
Overseas Eq.	286.0	301.1	+0.9	—
American	244.8	257.7	+3.1	—
Far East	321.1	338.1	+0.2	—
Property	133.7	140.8	—	—
Fixed Int.	207.9	218.9	+2.3	—
Indexed Gilt	122.4	128.9	+0.4	—
Deposit	132.0	139.0	—	—

Pension Fund Prices

Man. Initial	301.4	317.3	+1.8	—
Man Acc	361.6	380.7	+2.3	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30½	23	Sara Lee $1	29½ xd	+½	$2.00	—	4.4
11⅛	10⅛	Saul (B. F.) $1	10½	–⅛	20c	—	1.2
79	72	Southwestern Bell $1	72¼	+¼	$4.96	—	6.2
17¾	15¼	Staley Continental	17⅛	+⅜	80c	—	3.0
44¼	36¼	Sun Co. Inc. $1	44¼ xd	+¼	$3.00	—	4.4
74	57¾	TRW Inc. $1¼	67⅞ xd	+2½	$3.20	—	3.1
31	25¾	Tenneco $5	30⅛	+⅛	$3.04	—	6.5
184½	149¾	Do. 10pcLn.Stk. 91-5	180½ xd	–1	10%	—	15.6
26¼	21⅞	Texaco $6.25	23¼ xd	–¼	$3.00	—	8.4
57⅛	47¼	Time Inc. $1	57¼	+3⅛	$1.00	—	1.1
14½	11½	Tricntr $0.33	13½	+½	36c	—	1.8
24¾	20¾	Transamerica $1	20¼ xd		$1.76	—	5.5
11	967p	Transworld Corp $5	10½	+⅛	20c	—	1.2
41½	29¾	Trinova Corp.	42¼	+¾	$1.40	—	2.1
17¾	15⅛	USX $1	17¼	+⅜	$1.20	—	4.4
18⅛	15⅜	Union Carbide $1	17⅞	+⅜	$1.50	—	5.4
35⅜	30¼	Utd. Technologies	33⅞	+⅛	$1.40	—	2.9
36¾	33¾	US West	34¾	+¼	$3.04	—	5.8
32¼	26	Woolworth $3½	32¼	+1	$1.12	—	2.2

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	317	+9	ϕ9.25	2.9	4.1	11.8
366	316	Pearl Group 5p	350	+2	8.8	—	3.5	—
*930	804	Prudential	830xd	–5	29.0	—	4.9	—
499	433	Refuge 5p	454	–3	15.75	—	4.9	—
£10¼	847	Royal	940	+4	31.0	—	4.6	—
565	303	Sedgwick Group 10p	515		ϕ12.0	1.7	5.6	13.4
255	207	Steel Burrill J.10p	244xd	+1½	9.0	ϕ	5.2	ϕ
505	448	Stewart Wr. 20p	469	+7	13.0	ϕ	4.0	ϕ
450	420	Sturge Hldgs 20p	432xd	–8	16.0	2.5	2.1	27.0
833	645	Sun Alliance	838	+1	23.5	—	4.1	—
£11¼	929	Sun Life 5p	£10¾xd	+¼	28.5	—	3.7	—
£53½	£39	Taisho M EDR	£47½	+¼	ϕQ10%	—	0.9	—
£71¾	£38	Torchmark $1.00	£38½	+¼	Q60c	—	2.1	—
355	235	Trade Indemnity	330xd	+2½	4.3	—	1.8	—
£34	£29¾	Travelers $1.25	£29¾	–⅞	$2.20	—	5.0	—
£32½	£25	USLIFE Corp. $1.0	£26¼	+¾	Q$1.30	3.2	3.0	10.5
595	555	Utd Friendly B 10p	575	–2	17.2	—	4.1	—
468	411	Willis Faber 12½p	422	+8	10.75	ϕ	3.7	ϕ
59	45	Windsor Secs. 10p	59	+1	0.7	1.5	1.7	54.7

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	A & M Group 10p	15	+1	0.4	2.0	3.8	18.8
76	69	A-R TV Pref. £1	76		5.95	48.1	13.2	—
*549	302	Anglia TV	498	+5	g11.25	3.3	3.2	13.8
159	108	Aspinall Hldgs. 10p	160	+2	6.0	1.2	5.3	21.9
87	68	Avesco 1p	85	+1	L0.5	6.6	0.8	21.8
48	40	BBCE Hldgs 5p	46½	–½	0.1	3.0	3.0	15.5
190	132	Barr & W.A.T. 'A'	190		7.0	1.4	5.2	18.3
185	165	Boosey & Hawkes	165		—	—	—	—
83	45	Border T.V.	75	+7	tu2.5	3.2	4.7	18.8
422	217	Brent Walker 10p	407	+2	4.0	2.7	1.4	32.4
188	110	Campari Int. 20p	170xd	+4½	13.0	ϕ	2.4	ϕ
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 18	May 28

* New time dealings may take place from 9.00 am two business days earlier.

Government bonds and equities strong in response to upswing in world market

A strong pound, powerful gains in the New York and Tokyo markets, and a crop of UK opinion polls favourable to the Thatcher Government, all combined to bring a substantial recovery in the UK securities markets yesterday.

Particularly encouraging, in view of last week's tensions over global trade imbalances, was the reappearance in London of Japanese funds, as buyers of British Government bonds.

The FT-SE 100 index ended with a net gain of 24.5 at 1989.6, after showing a gain of 30 points at mid-session. At 1566.0, the FT ordinary index added 19.6. Government bonds were 1¾ points up. In both sectors, much of the excitement came early in the session, and momentum was lost at the close when Wall Street came in with an erratic start.

For some dealers in Gilts, the day started at 3.00 am when the telephone rang with buying orders from Tokyo. Bonds jumped by two points when the market opened on the back of a strong pound. Some profits were taken by UK retail investors, but prices then returned towards the day's best.

For bond traders, the good news was the strength of the New York bond market, which seemed to indicate that last week's increases in bank primes was not a cause for alarm over rates. With the Federal Reserve apparently maintaining a relaxed stance in New York, London recovered confidence.

HIGH & LOWS

High and low prices published for Stock Exchange securities and related statistics have been changed today to reflect current year levels. Previously, figures were for the 1986/87 period.

Yields on long-dated UK gilts returned towards 9 per cent. Japanese interest was focused, as is usually the case, on the medium dates, which gained 1 to 1¼ points. Index-linked gilts, ¼ or so higher, had a quiet day as concerns over interest rates receded.

Equities saw "fair business," but traders were disappointed by the lack of follow-through after the initial upswing. However, the strength of the pound failed to discourage buying of such exporting favourites as Imperial Chemical Industries and Jaguar.

The Japanese presence was quickly reflected in strong rises in Glaxo and some other pharmaceuticals. Oil shares led the response to Friday's dramatic rise on Wall Street—British Petroleum closed firmly as the City awaited the next move in the plan to tender for stock in Standard Oil—on terms rejected by the Standard board.

Overall, the City took a slightly cautious view of yesterday's recovery. The spectre of a global trade war has not been laid to rest, and the outcome—and the date—of a UK general election must remain a subject for speculation.

Standard Chartered, a strong market recently on hopes that Lloyds will re-bid for the group when the official ban is lifted on July 12, a year after its original hostile £1.3bn offer lapsed, revived strongly and closed 20½ higher at 825p xd. The fresh advance came after Warburg Securities, working on behalf of Mr Robert Holmes à Court's Bell Group, attempted to acquire a further 5 per cent of Standard's shares bidding up to 850p per share cum-div in order to take Bell's stake up to 15 per cent, the maximum permitted under current BMank of England guidelines. Dealers last night suggested that Bell Group would not launch an outright bid for Standard themselves, but were in fact warehousing the stock for another suitor. **Lloyds** advanced 16 to 488p in sympathy. **Hill Samuel**, meanwhile, jumped 25 to 475p followig a weekend press report that Mr Larry Adler's FARI Insurances were on the verge of selling its near-15 per cent stake in the merchant bank to a potential bidder. Others to give firm performances included **Morgan Grenfell** 12 better at 393p and **Mercury International** 6 to the good at 384p. **Chancery Securities** moved up 13 to 233p in response to press comment. Among Hire Purchases, **Moorgate Mercantile** rose 8 to 84p on hopes of a bid from British and Commonwealth's **Woodchester**, unaltered at 550p.

In the absence of the widely-rumoured bid from the TSB, Lloyds broker **Hogg Robinson** reacted 7 to 403p on profit-taking.

Mercury Asset Management staged a highly successful market debut, the shares touching 342p at one stage prior to closing at 326p compared with the offer price of 225p.

Brewery issues joined in the advance although volume overall was relatively low. Light institutional demand lifted **Whitbread A** 10 to 314p and **Bass** 6 to 875p, while a broader buying interest took **Allied-Lyons** up only 2 to 391p. Comment on the group's break-up potential failed to arouse enthusiasm for **Guinness**, slightly harder at 320p.

Leading Building issues took a distinct turn for the better having lost ground last week on fading interest rate hopes. **RMC** picked up 15 at 801p, while **Blue Circle** rose 10 to 806p. **Tarmac**, results due at the end of the month, ganed 20 to 504p, while **BPB Industries** advanced 14 to 669p. Recently-dull **Costain** rallied 11 to 543p and **George Wimpey** improved 5 to 220p; the latter's annual results are due on Thursday. **Raine Industries** continued to attract support and firmed 8 afresh to 144p, the shares sustained by Press comment and news that Scottish Amicable Investment Managers had increased their stake to 8.43 per cent. **British Dredging** annual results expected today, put on 8 to 120p. **Federated Housing** rose 15 to 211p in a limited market, while **Cakebread Robey** gained 20 more to 138p awaiting news of the bid approach. **Ruberoid**, 28 higher at 435p, reflected stake news.

ICI were a better market and closed ⅜ higher at £13⅝. Among second-line Chemical stocks, **Thurgar Bardex** dipped 15½ to 92p following the preliminary statement.

Revived interest rate optimism helped leading retailers return to favour. **Woolworth** advanced 17 at 797p and **Dixons**, with the helpe of traded option activity, firmed 8 at 370p. **Next** added 7 at 323p and **Burton** moved up 5 to 292p. **Gussies**, which last week threw cold water on recent market stores that they were about to bid for **Harris Queensway**, jumped ⅜ to £12¼; **HQ** put on 4 at 215p. Elsewhere in Stores, **Allebone** jumped 12 to 72p in response to an investment recommendation. Speculative buying helped **Martin Ford** rise 11 to 89p and **W. H. Smith A** improve 16 to 312p. **Freemans**, depressed of late by the disappointing results, rallied 22 to 438p, while **Ward White** reflected expansion hopes with a rise of 8 at 330p. By way of contract, **Lloyds Chemists** dropped 16 to 205p following news of the acquisition of the privately-owned Nina Barnes, which operates 10 chemists and a health food shop.

Plessey featured the Electrical leaders, rising 7 to 241p in response to a Wood Mackenzie "buy" recommendation. Elsewhere, **Atlantic Computer** jumped 19 to 602p on renewed support ahead of Thursday's preliminary figures and **Oxford Instrument** added 10 to 432p following publicity given to a Rebort Fleming circular. Press comment helped **Cifer** move up 5 to 43p, while speculative gains of 8 and 16 respectively were seen in **International Signal and Control**, 270p, and **Burgess**, 295p. **Acorn Computer** put on 8 at 60p. Profit-taking in the absence of the widely-rumoured bid from Racal left **Holmes Protection** 11 lower at 183p.

Secondary issues provided the main source of interest in the Engineering sector. **Braithwaite**, still reflecting expansion hopes, moved ahead strongly to close 61 higher at 428p, while further consideration of the preliminary figures prompted a rally of 12 to 317p in **Laird Group**. Revived demand left **Matthew Hall** 15 to the good at 188p. Good annual results prompted a rise of 4 to 95p in **Beauford**, but disappointing preliminary figures left **Richards (Leicester)** 5 lower at 79p.

Revived demand was forthcoming for **Tate and Lyle**, 10 higher at 740p and **Northern Foods**, 6 up at 288p, while Press comment stimulated **Hillsdown Holdings** which rose 14 to 269p. **Avana** settled 4 cheaper at 801p, after 798p, on news that talks with other potential offerers had been terminated leaving the way clear for unwelcome suitor **Ranks Hovis McDougall**; the latter firmed 5 to 309p. **Hughes Foods** added 3 to 136p following acquisition news, while **Booker** revived with a gain of 11 at 442p. **Hazlewood** were 7 dearer at 218p and speculative counter **Bernard Matthews** 15 up at 318p.

Boosted by th show of strength on Wall Street last Friday, international stocks staged a good revival. **Glaxo**, scheduled to reveal interim figures next Monday, moved up ⅝ to £14⅞, while rises of around 10 were recorded in **BOC**, 431p, **Beecham**, 535p, and **Boots**, 275p. Elsewhere, **Extel**, a strong market recently on haopes of a bid from Mr Robert Maxwell, fell sharply in the late dealings to close 55⅝ lower at 498p on the announcement that BPCC, Pergamon Media Trust and their associates will not make a general offer for Extel after April 28. In contrast, week-end Press mention left **Worcester** 30 to the good at 610p, while others to respond to comment included **Laidlaw Thomson**, 11 higher at 171p, and **Wills Group**, 7 dearer at 223p. **Jacksons Bourne End** stood out with a gain of 62 at 530p along with **Lilleshall**, 45 higher at 273p, the last named ahead of preliminary figures expected on the 23 April. **London and Northern** improved 4½ to 88p following the decision to recommend the offer from Evered. Good preliminary figures prompted a rise of 20 to 221p in **Mysen** an a gain of 9 to 237p in **Cannon Street Investments**. **Reuters** firmed 6 to 699p on news that the company is to seek a Tokyo listing later this year. Among the anti-Aids related stocks, **London International** rose 14 to 287p. Dealings were temporarily suspended in **Westwood Dawes** pending completion of a substantal acquisition and the final arrangements for a rights issue.

In the wake of last week's agreed offer for Horizon Travel from Bass, **International Leisure Group** rose 17 to 195p on details of the agreed bid worth 200p per share cash from Hudson Place Investments, representing the ILG management group, which intends to return the company to the private sector. **Media Technology**, currenly in talks with Lee International, gained 10 more to 165p, while **GRA** firmed 3½ to 99p pending bid developments. **Stanley Leisure** gained 20 to 320p in reply to Press comment, while **Fairline Boats** gained 15 to 278p. Among Television issues, **Scottish** firmed 9 to 571p following the annual results, while **Ulster** put on 15 to 157p ahead of Friday's half-timer. **Thames** attracted revived demand and touched 496p prior to closing a net 27 up at 490p, while **Yorkshire** advanced 18 to 344p.

Selected Motor stocks benefited from Press comment **Kwik-Fit** rose 5 to 1559p, **Western Motor** jumped 15 more to 315p and **Reliant** added 3 at 38p. USM-quoted **Laidlaw** spurted 20 to 143p. Elsewhere, **Dowty**, gained 6 to 279p but **Abbey Panels** fell 20 to 390p.

Expectations of the group reporting good annual profits, the announcement is scheduled for today, stimulated **Home Counties** and the close was 35 up at 460p. Also awaiting preliminary statements, *More O'Ferrall* moved 5 higher to 183p and **Aspen Communications** improved a similar amount to 420p. **Monotype** responded to increased full-year revenue with a gain of 22 to 190p, while **Blenheim Exhibitions** advanced 15 to 235p on Press mention. Sector leader **BPCC** rose 15 to 333p, while **Ault and Wiborg** surged ahead by 16 more to 240p. **Saatchi and Saatchi** led Agencies higher, closing 19 dearer at 694p but **Geers Gross** weekened further after Friday's dismal figures to end 5 lower at 70p.

Agreed offer terms from Jupiter Asset Management set **Vantage Securities** alight and the close was 40 higher at 143p; the Warrants gained 6 to 54p. Four Investment Trusts were quoted ex their respective scrip issues, including **Crescent Japan**, **Fleming American**, **Lancashire and London** and **New Tokyo**. Weekend mention helped **Nevi Baltic** rally 4 to 174p while **Abaco** hardened to 70p on share stake news.

Oils posted impressive gains throughout the list and were highlighted by **IC Gas** which raced up to 786p, a net gain of 43, reflecting rumours of an imminent £8 a share bid from a leading Belgian oil group.

Down 29.4 over the previous three trading sessions the Gold Mines index picked up 5.9 to 421.8. Bullion gained ground throughout the day and closed $3 higher at $422.

Consolidated Gold Fields put on 4 to 829p following talk of a good reception given to the $100m Euroloan. **RTZ**, scheduled to announce preliminary figures on Thursday, touched a record 849p before closing a net 10 higher at 844p.

Another scintillating performance by gold shares in overnight Australian markets triggered fresh support for "down-under" golds in London.

Traded Options

Only 32,718 deals were arranged in the Traded Options market, comprising 24,721 calls and 7,997 puts. British Gas were again popular, recording 5,545 calls and 1,206 puts, while 2,077 calls were taken out in Dixons—1,297 in the June 420s.

Traditional Options

- First dealings March 18
- Last dealings April 11
- Last declaration July 9
- For Settlement July 20

For rate indications see end of Unit Trust Service

Money was given for the call of Stakis, Guinness Peat, Ultramar, Wordplex, Capital Radio, Riley Leisure, Hampton Trust, Munton, Concentric, Federated Housing, Northern Foods, Ault and Wiborg, Radiant Metal, Wheway, Grampian TV, Abaco, Electronic Rentals, Tricentrol, Next, Benjamin Priest, Mitchell Cotts, Quest Automation, J. Webb, Property Trust, Blacks Leisure, Stone International, Culleus, Glass Glover, Eagle Trust, Electronic Machine, F. J. C. Lilley, Amber Day, Sears, I.C.I., Norfolk Capital, Land Securities, Wellman, Britoil, Pentos, CASE, Clayform, Polly Peck, Parkdale, Sound Diffusion, Dunton, Norton Opax, Allebone, Johnson Matthey, S. W. Wood, British Gas, Hobson, Premier Consolidated, Burndene, Ryan International, Comtech, Kellock, Harris Queensway, Amstrad and TSB. Riley Leisure were dealt in for the put,

FINANCIAL TIMES STOCK INDICES

	Apr. 6	Apr. 3	Apr. 2	Apr. 1	Mar. 31	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.91	89.91	89.91	90.14	90.28	91.75	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.32	97.30	97.37	97.77	97.76	96.07	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,566.0	1,546.4	1,567.6	1,588.0	1,577.1	1,400.9	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	421.8	415.9	433.5	445.5	455.3	290.0	455.3 (31/3)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.73	3.79	3.74	3.76	3.72	3.83				
Earnings Yld.%(full)	8.45	8.58	8.48	8.60	8.49	9.34				
P/E Ratio (net) (*)	14.57	14.35	14.52	14.29	14.47	13.26				
SEAQ Bargains (5 pm)	54,946	59,197	50,718	47,598	56,166	—				
Equity Turnover (£m)	—	1,365.00	1,426.17	1,320.65	1,291.43	889.01				
Equity Bargains	—	72,831	69,965	64,046	71,707	46,029				
Shares Traded (ml)	—	575.9	549.2	515.7	488.5	352.4				

S.E. ACTIVITY

Indices	April 3	April 2
Gilt Edged Bargains	239.3	158.5
Equity Bargains	471.9	427.4
Equity Value	2759.0	2882.7
5-Day Average		
Gilt Edged Bargains	174.5	158.8
Equity Bargains	441.0	429.3
Equity Value	2726.0	2754.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1561.9	1564.1	1564.2	1562.0	1564.3	1565.0	1569.2	1568.6

Day's High 1569.6. Day's Low 1561.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.02.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (149)

BRITISH FUNDS (5), LOANS (1), AMERICANS (7), CANADIANS (2), BANKS (3), BUILDINGS (10), STORES (5), ELECTRICALS (10), ENGINEERING (4), FOODS (2), HOTELS (2), INDUSTRIALS (22), LEISURE (7), MOTORS (3), NEWSPAPERS (1), PAPER (9), PROPERTY (6), SHIPPING (1), SHOES (1), SOUTH AFRICANS (1), TEXTILES (2), TRUSTS (6), OILS (11), OVERSEAS TRADERS (1), MINES (25), THIRD MARKET (2).

NEW LOWS (20)

AMERICANS (6) BankAmerica, Bankers Y.N., Contl. Illinois Cpn., Eaton Cpn., Houston Inds., Manfg. Hanover. CANADIANS (1) Henlys Group. BREWERS (1) Eldridge, Pope A. INDUSTRIALS (2) Jardine Hldgs., Sheldon Jones. INSURANCE (2) Lincoln Nat. Cpn., Sturge Hldgs. LEISURE (1) Saga Holidays. PAPER (2) Geers Gross, JWT Group. PROPERTY (1) Sinclair Goldsmith. SHIPPING (1) Gotaas. TEXTILES (1) Early's of Witney. TRUSTS (1) Fledgeling Japan. OVERSEAS TRADERS (1) REA Hldgs.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	8,600	147	+2	Jaguar	1,200	575	+4
Allied Lyons	2,900	391	+2	Ladbroke	592	425xr	+2
Amstrad	2,900	183	+3	Land Securities	2,000	405	+8
Argyll	1,300	410	+5	Legal & Gen.	1,200	270xd	+2½
Assoc. Brit. Foods	806	346	+12	Lloyds Bank	1,000	488	+16
BAT	1,600	536	+12	Lonrho	719	281	+1
BET	790	242xd	+1	MEPC	92	386	+3
BOC	556	431	+11	Marks & Spncr	5,100	214	+5
BPB Inds	981	670	+15	Midland Bank	665	589	+10
BPCC	906	333	+15	NatWest Bank	1,600	584	+10
BTR	4,800	303	+34	Pearson	160	600xd	+17
Barclays	1,000	504	+10	P & O	483	620xd	+6½
Bass	490	875	+6	Pilkington Bros	264	776	+6
Beecham	3,300	533	+8	Plessey	11,000	241	+7
Blue Circle	1,200	806	+10	Prudential	740	830xd	−5
Boots	3,480	274	+10	Racal	4,600	225	—
Brit. Airways	12,000	128	+2	Rank Org.	829	656	+6
Brit. Aero	673	656	+79	RHM	3,500	309	+5
Brit. & Comm.	813	444	+1	Reckitt & Col	78	968	+11
Brit. Gas	6,000	90	+½	Redland	895	451	+1
Britoil	5,300	258	+9	Reed Intl.	446	389	+3
BP	4,300	920	+11	Reuters	254	699	+6
Brit. Telecom	4,900	252	+4	RMC	196	801	+15
Bunzl	1,100	221	+5	RTZ	2,015	844	+10
Burton	2,400	292	+5	Rowntree Mac	1,200	496	+5
Cable & Wire	4,600	371	−3	Ryl Bnk of Scotland	886	326	+12
Cadbury Schwps	534	238	+3	Royal Insurance	292	948	+4
Coats Viyella	284	575	+1	STC	1,700	248½	+2½
Comm. Union	2,250	323½	+7½	Saatchi & Saatchi	1,600	694xr	+19
Cons. Gold	1,300	929	+4	Sainsbury	1,000	488	+3
Cookson	887	598	+7	Sears	14,000	131	+1½
Courtaulds	1,100	421	+2	Sedgwick	1,900	315	—
Dee Corpn.	1,600	241	+3	Shell Trans	3,700	£12⅛	+⅛
Dixons Grp	2,500	370	+8	Smith & Nephew	2,700	154½	+½
English China Clays	568	417	+4	Standard Chart	3,825	825xd	+20½
Fisons	142	609	+4	Storehouse	777	290	+4
Gen. Accident	131	933	+12	Sun Alliance	382	830	+1
Gen. Elect.	4,200	200	—	TSB	6,700	85¼	+1
Glaxo	5,600	£14⅞	+⅝	Tarmac	2,000	504	+20
Globe Investment	524	152	+3	Tesco	817	472	+7
Granada	174	333	−1	Thorn EMI	1,100	637	−3
Grand Met	2,300	471	+13	Trafalgar House	207	329	+3
Gas "A"	431	£12¼	+⅛	T'house Forte	1,300	231	+2
Guardian R.E.	291	879	−35	Unigate	286	375	+4
GKN	2,100	323	+6	Unilever	301	£25¼xd	+⅜
Guinness	1,500	320	+2	United Biscuits	1,500	282	+2
Hanson Trust	6,700	162½	+1½	Wellcome	1,500	418	−2
Hawker Sidd	381	513	+2	Whitbread 'A'	584	314	+10
Hillsdown Hlgs	2,000	269	+14	Woolworth	352	797	+17
ICI	1,300	£13⅝	+⅜				
Imp. Cont. Gas	1,000	766	+43				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	110	1	2
Corporations, Dominion and Foreign Bonds	13	14	40
Industrials	736	358	449
Financial and Properties	258	95	231
Oils	55	13	44
Plantations	3	0	11
Mines	68	32	80
Others	112	44	56
Totals	1,355	557	913

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Monday April 6 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri April 3 Index No.	Thur April 2 Index No.	Wed April 1 Index No.	Year ago (approx.) Index No.
71	Investment Trusts (95)	966.67	+1.1	—	2.46	—	5.01	956.07	967.41	959.83	753.15
81	Mining Finance (2)	435.48	+0.9	7.03	3.78	16.72	1.89	431.71	425.28	426.58	306.88
91	Overseas Traders (11)	904.14	+0.1	9.03	4.97	13.42	10.30	903.30	906.78	894.23	693.91
99	ALL-SHARE INDEX(726)	996.88	+1.1	—	3.47	—	7.96	986.06	996.46	988.79	822.09

	Index No.	Day's Change	Day's High	Day's Low	April 3	April 2	April 1	March 31	March 30	Year ago
FT-SE 100 SHARE INDEX ‡	1989.6	+24.5	1994.4	1982.9	1965.1	1987.7	1973.1	1997.6	2002.5	1683.1

FIXED INTEREST

	PRICE INDICES	Mon April 6	Day's change %	Fri April 3	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.39	+0.33	123.01	0.02	3.50
2	5-15 years	144.16	+1.20	142.45	—	3.46
3	Over 15 years	153.26	+1.51	150.97	—	3.45
4	Irredeemables	169.09	+1.82	166.07	—	1.62
5	All stocks	139.89	+1.00	138.51	0.01	3.48
	Index-Linked					
6	5 years	120.13	+0.18	119.92	—	0.83
7	Over 5 years	123.30	+0.47	122.73	—	0.88
8	All stocks	122.82	+0.44	122.27	—	0.86
9	Debentures & Loans	125.28	+1.62	123.92	0.65	2.80
10	Preference	85.98	−0.20	86.54	0.37	1.94

	AVERAGE GROSS REDEMPTION YIELDS		Mon April 6	Fri April 3	Year ago (approx.)
	British Government				
1	Low	5 years	8.06	8.20	7.76
2	Coupons	15 years	8.92	9.12	8.43
3		25 years	8.95	9.15	8.44
4	Medium	5 years	8.99	9.18	8.83
5	Coupons	15 years	9.13	9.31	8.77
6		25 years	9.13	9.32	8.72
7	High	5 years	9.12	9.30	8.91
8	Coupons	15 years	9.25	9.44	8.89
9		25 years	9.07	9.24	8.87
10	Irredeemables†		8.95	9.12	8.51
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.62	2.67	3.58
12	Inflat'n rate 5%	Over 5 yrs	3.30	3.33	3.55
13	Inflat'n rate 10%	5 yrs	2.01	2.06	2.54
14	Inflat'n rate 10%	Over 5 yrs	3.18	3.20	3.40
15	Debs &	5 years	9.84	9.97	10.03
16	Loans	15 years	10.02	10.18	9.92
17		25 years	10.06	10.28	9.81
18	Preference†		10.86	10.78	11.22

‡Opening index 1983.1; 10 am 1987.9; 11 am 1987.4; Noon 1985.6; 1 pm 1988.1; 2 pm 1988.9; 3 pm 1994.2; 3.30 pm 1909.9; 4 pm 1991.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*392)	330	65	73	83	1	3	6
	360	36	51	60	1½	11	14
	390	11	29	41	9	22	25
	420	2½	14	22	30	35	40

April 6. Total Contracts 32,718. Calls 24,721. Puts 7,997. FT-SE Index. Calls 882. Puts 1,029. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	175	−2	u2.13	3.6	1.7	22.9
§180	F.P.	—	200	190	Airtours10p	196	+2	R5.4	2.5	3.9	14.3

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

NETHERLANDS

GERMANY

ITALY

FRANCE

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO
Closing prices April 6

MONTREAL
Closing prices April 6

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

NEW YORK ACTIVE STOCKS

TOKYO – Most Active Stocks
Monday, April 6, 1987

LONDON – Most Active Stocks
Monday, April 6, 1987

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 43

LONDON
Chief price changes (in pence unless otherwise indicated)

RISES:		
Treas. 13½pc	£137½	+ 1⅛
Braithwaite	428	+ 61
Burgess	295	+ 16
Cakebr Rob A	138	+ 20
Gld Mines Kal	360	+ 36
GUS A	£12¼	+ ⅜
Hill Samuel	475	+ 35
Hillsdown	269	+ 14
Hm Counties	460	+ 35
Hunting Pet	198	+ 20
I C Gas	768	+ 43
Intl. Leisure	195	+ 17
Jacks Bourne	525	+ 57
London Intl.	287	+ 14
Moorgate Merc.	83	+ 7
Myson	211	+ 20
Smith (W.H.) A	312	+ 16
Stand Chart	825	+ 20½
Tarmac	504	+ 20
Thames TV	490	+ 27
Ulster TV	157	+ 15
Vantage Secs.	143	+ 40
West Motor	215	+ 15
Woolworth	797	+ 17
Worcester	605	+ 25
FALLS:		
Argyle Tr.	183	− 12
Extel	499	− 38
Geers Gross	70	− 5
Lloyds Chemi	295	− 16
Thurgar Bard	92	− 15½

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.50	1.5	23	68	33⅝	32¾	33	−½
37	21⅞	ADT	.92	2.7	20	274	34⅝	34	34⅛	
41½	23⅝	AFG	.12e	.3	11	716	39	36¾	38½	+2
40¼	16¾	AGS			22	735	38	37	37⅝	+⅝
14¼	6¾	AMCA				102	8⅞	8¾	8⅞	
9⅝	4⅞	AM Intl				4081	8	7⅝	7⅝	−¼
62⅞	47¼	AMR			12	5276	56	54½	55½	+1½
12⅞	8	ARX s			13	143	10⅝	10⅜	10⅜	
63⅞	28⅝	ASA	2a	3.2		944	62¾	61½	61¾	−¼
18¼	9¾	AVX		1.7		357	u18½	18¼	18⅜	+⅛
32¾	26½	AZP	2.72	9.0	10	1584	31	30¼	30⅜	−⅜
67	39⅝	AbtLb s	1	1.5	28	4118	65⅞	64¾	64¾	−½
34	25	AccoWd .62		1.8	22	479	u34¾	32¾	34⅛	+1⅛
14	9	AcmeC .40		3.1	24	78	13	12⅝	12¾	−¼
8⅞	6⅛	AcmeE .32b		4.0	28	4	8	8	8	+⅛
23⅞	18⅝	AdaEx 3.42e		15.		109	22⅞	22	22⅝	+⅜
19½	11⅜	AdmMl s .24		1.3	15	66	19⅛	18½	18⅞	+¼
21½	12⅛	AdvSys .62t		2.9	16	32	21⅝	21⅛	21⅛	−⅛
31½	12⅞	AMD				5416	21¼	20¾	21⅛	+⅜
52	49⅝	AMD pf	3	5.8		1081	u52⅝	51¼	51⅝	−⅜
10¾	8¼	Adobe				258	10⅝	10¼	10½	
20½	13¾	Adob pf	1.84	9.3		51	20½	19¾	19¾	−⅜
21⅞	16⅝	Adob pf	2.40	11.		20	21½	21	21	−¼
18⅜	11½	Advest .12a		.9	11	578	13¾	13¼	13½	+⅜
66¼	53	AetnLf	2.76	4.3	10	11416	64½	62½	64⅜	+1⅜
101½	87¼	AetL pfC	4.78e	5.0		25	94¾	94¾	94¾	−¼
50¼	21⅞	AflPb s	.32	.7	25	430	46	45½	45½	+¼
28¾	18⅞	Ahmns	.88	3.6	8	4965	24¾	24	24½	+¼
5⅝	2⅞	Aileen				276	5	4⅝	4⅞	−⅛
48½	29⅛	AirPrd s	.80	1.7	393	3097	47⅞	46¾	47⅞	+1⅜
36¼	16	AirbFrt	.60	1.8	15	349	34⅛	33¾	34	+¼
12	7⅝	Airgas n				60	11⅝	11	11¼	−⅛
20⅝	17⅛	Airlse n	1.03e	5.8		35	17⅞	17⅝	17¾	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61	45⅞	NiaMpf5.25		9.0		z6000	58¾	58¾	58¾	+1¼
72	58½	NiaMpf6.10		9.2		z690	66	66	66	
26½	19	NiaM. pf1.64e		8.4		9	19½	19⅜	19½	+⅛
107	100	NiMpf 10.60		10.		z50	103⅝	103⅜	103⅝	
89	76¼	NiaMpf7.72		9.3		z600	83	83	83	+1⅛
17	14⅞	NiagSh3.21e		19.		244	16⅞	16⅜	16⅞	+⅛
24	14	Nicolet			11	88	22	21½	21⅞	+⅛
33⅞	24	NICOR 1.80		5.6	8	650	32	31⅞	31⅞	
18	7⅞	NoblAf .12		.7		899	17¼	16⅜	16¼	−1
20⅞	7¼	NordRs			20	360	20⅛	19¾	19⅞	−⅛
99	73⅞	NorfkSo3.60		3.7	12	1450	98⅜	96¼	96½	−⅛
33⅝	24⅝	NorSo wi				131	32⅝	32¼	32½	+1
27½	16⅞	Norsk n.65e		2.4		1618	27⅜	27⅛	27¼	−⅛
35¾	25⅛	Norstr 1.40		4.1	12	331	34⅜	34	34	−⅛
17⅞	11½	Nortek s .10		.7	6	1348	15⅛	14⅞	15	−¼
46¼	35⅛	NAPhil 1		2.4	17	488	41⅞	40½	40⅝	+⅛
26¼	15⅝	NEurO 2.37e		9.4	10	64	25⅜	24⅞	25¼	+⅛
26¼	17¼	NoestUt1.76		7.1	9	865	25⅛	24⅝	24⅞	−¼
13½	10⅞	NIndPS				1520	11½	11⅜	11½	−⅛
44½	37½	NIPS pf 3a		7.3		1	41	41	41	−½
40⅛	25⅝	NoStP s1.90		5.9	10	1810	32¼	31⅞	32	−⅝
49	38½	NSPw pf3.60		7.8		z500	46	46	46	+1
105¼	98½	NSPw pf8.80		8.5		z40	103⅝	103⅝	103⅝	
45¾	28¼	NorTel .40		.9	39	1209	u46⅛	45⅝	46	+⅞
8⅞	3	Nthgat g				396	8½	8¼	8¼	−⅛
52½	36⅞	Nortrp 1.20		2.3	58	4242	u52⅝	51½	51½	−¼
19½	13¼	NwStW.10e		.5	20	98	19	18½	19	+¼
50	25	Norton 2		4.3		678	47½	46¾	47	+⅜
42¾	33¼	Norwst1.80		4.4	11	379	40⅞	40¼	40⅝	+¼
42½	28½	Novo .39e		1.0	14	322	40½	39⅝	40⅜	+1⅛
46⅛	29⅛	Nucor s .36		1.0	17	848	38	36½	37⅜	+1¼
75¼	58	Nynex 3.80		5.8	11	2121	66⅜	65¼	65¼	−⅜

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Continued on Page 41

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

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OVER-THE-COUNTER *Nasdaq national market, closing prices*

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Continued on Page 41

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Profit hunting fails to check further gains

WALL STREET

FOLLOWING THROUGH from Friday's spectacular gains, Wall Street stock prices edged further ahead yesterday despite bouts of profit-taking, *writes Roderick Oram in New York.*

Bonds continued to recover from last week's dollar-induced setbacks with prices rising as much as half a point, before giving up some of the gains later.

The Dow Jones industrial average closed up 15.20 points at a record 2,405.54. Steady bond and foreign exchange markets helped stocks overcome four periods of profit-taking during the sessions. For the first time since March 6, the Dow transportation index joined the industrials at a record close, which was taken as a sign of the rally's strength.

Broader market indices followed a similar trend to set records with the Standard & Poor's 500 adding 1.54 to 301.95 and the New York and American stock exchange composite indices rising 0.76 to 170.96 and 1.77 to 342.23, respectively.

NYSE volume was moderately heavy at 174.8m shares with the number of advancing issues outpacing those declining by a ratio of eight to seven.

The heaviest loser among the Dow industrials was Texaco which dropped $4¼ to $33⅝ on more than 5.5m shares. The Supreme Court ruled that a federal court should not have blocked a Texas law requiring Texaco to post a $12bn bond in its defence of a lawsuit from Pennzoil, which rose $6⅝ to $88.

Elsewhere in the oil sector, Standard Oil rose $⅝ to $71¼ after its advisers had said British Petroleum's offer of $70 a share for the stock it does not already own was inadequate.

Other oil shares were mixed. Exxon was unchanged at $89⅝, Chevron added $⅛ to $60⅝, Amoco slipped $⅛ to $85¼, Atlantic Richfield was unchanged at $87, Phillips Petroleum was up $⅛ to $16⅝ and Mobil added $⅝ to $50.

Chase Manhattan edged up $⅛ to $39⅛. It reclassified its loans to Brazil as non-accruing. Among other banks which had already taken the same action Manufacturers Hanover was up $⅛ to $41⅛, Chemical edged ahead $⅛ to $45⅞ and Mellon dropped $⅝ to $40.

In the takeover arena, Allegis soared $6⅝ to $65⅝. It said it had received a $4.5bn takeover offer for its United Air Lines subsidiary from the national airline pilots union. The company called the offer a publicity stunt.

GenCorp jumped $8 to $118. It plans to buy back 54 per cent of its shares at $130 a share to thwart a bid from a group of investors led by AFG Industries, up $2 to $38½, and Wagner & Brown. The group, which has a 9.8 per cent stake, said late last week it was willing to raise its offer to $110 from $100 a share.

Caesars' World rose $1⅛ to $30⅛. It plans to pay a one-time dividend of $25 a share in an attempt to defeat a $28-a-share takeover offer from a group of investors led by Mr Martin Sosnoff. The casino group would raise $1bn in bank loans and junk bonds to finance the dividend.

Supermarkets General dropped $1½ to $43⅛ after Dart Group had withdrawn its takeover offer of $45 a share because the target company had made no response to the offer.

Calny added $⅛ to $12⅛ in the over-the-counter market. Pepsico, up $⅝ to $34½, increased its stake in the fast food chain to 14.6 per cent from 9.9 per cent after the company had rejected a $11½-a-share takeover offer.

Dow Chemical added $1¼ to $84½. Mr Paul Oreffice, its chairman, said he was "very comfortable" with analysts' forecasts that it would report net profits of $1.10 a share for the first quarter against 92 cents a year earlier.

In the credit markets, bond prices continued to recover by almost ½ a point during the morning from last week's sharp setback when the dollar tumbled. But they slipped back later, leaving the 7.50 per cent benchmark Treasury long bond ahead only ⅛ of a point at 96⅝ at which it yielded 7.83 per cent.

The recovery of bond prices is seen as a partially technical response to the over-selling of bonds last week. They will probably not return, however, to the pre-upset prices which, for example, had generated a yield of around 7.65 per cent on the benchmark long bonds.

The markets are likely to remain fairly quiet this week while they wait for the meeting in Washington tomorrow of officials from the seven largest industrial countries. Foreign exchange markets are also likely to remain stable and quiet, at least until the meeting is over.

The only major economic news due this week is the release on Friday of March's producer prices.

CANADA

BUILDING on Friday's 63-point gain in the Composite index, Toronto stock prices rose sharply in almost all sectors.

Dome Petroleum recovered from last week's chronic weakness and gained 8 cents to C$1.16. Elsewhere in the energy sector, Ivaco Class A fell C$⅛ to C$17½, Asamera lost C$⅛ to C$14¼ and Drummond was a cent stronger at 30 cents.

Resources consolidated the headway made on Friday, with Macmillan Bloedel up C$1⅛ at C$29⅝ and Alcan, the aluminium company, up C$1 to C$53⅛.

In mining issues, Noranda picked up C$1.00 to C$32¼, and Hemlo Gold rose C$⅛ to C$26½. However, Dome Mines, which is 21½ per cent owned by the Dome Petroleum, sank C$⅛ to C$17 and said it could foresee no imminent resolution to talks with four Canadian banks over C$225m in loan guarantees to its troubled parent.

London rallies despite trade fears

THE STRENGTH of the pound, the vitality of the Tokyo and New York stock markets and opinion polls favourable to the Conservative Government helped offset fears of a global trade war and lead London equity prices into a substantial recovery.

Market analysts found most encouraging, given the tension over world imbalance, the reappearance of Japanese funds, particularly chasing government bonds.

The FT-SE 100 index added 24.5 to 1,989.6 after having posted a gain of 38 points at mid-session while the FT Ordinary index was 19.6 higher at 1,566.0. Much of the buying momentum was lost, however, towards the end of the session.

Gilts also rallied, with long-dated bonds back towards 9 per cent on heavy Japanese buying and medium-dated issues up by between 1 and 1½ points. Buying opened strongly on the back of sterling's strength, taking bonds up 2 points. Some UK retail investors took profits later in the session, but afternoon interest from Japan helped prices back towards the day's highs.

Exporters fared well despite the pound's strength, with favourites ICI and Jaguar up by £⅜ to £13⅜ and 4p to 575p, respectively. Japanese interest in equities centred on pharmaceuticals, with Glaxo £⅜ the better for it at £14⅞. Wellcome, however, slipped 2p to 418p. Details, Page 40

EUROPE

Coalition's poll success boosts Frankfurt

DRAWING STRENGTH from Wall Street's surge, the dollar's steadiness and some good domestic company news, most European bourses consolidated last week's late gains.

Frankfurt advanced strongly in response to the centre-right CDU/FDP coalition's electoral success in Hesse and to news from the Economics Ministry that industrial production and industrial orders in February had risen by 3 and 2 per cent, respectively.

The mid-sessional Commerzbank index of 60 shares was up 36 at 1,871.3.

Banks continued to feature strongly. Bayernhypo Bank rose DM 7 to DM 464 before announcing a 9 per cent profits rise and unchanged dividend. Deutsche Bank was DM 11 up at DM 697, Commerzbank DM 7.20 at DM 287.20 and Dresdner DM 7 at DM 365, all still bolstered by last week's good results.

Chemicals also still benefited from last week's mainly positive results. Hoechst rose DM 7.00 to DM 285.00, Bayer rose DM 5.80 to DM 281.80 and BASF, which slipped last week on news of lower earnings, pulled back up DM 5.80 to DM 281.80.

Car stocks Daimler and VW pulled further ahead, by DM 13 to DM 1,045 and by DM 5.70 and DM 368.50, respectively. Retailers Karstadt, up DM 1.80 to DM 431, and Kaufhof, up DM 7.50 to DM 487, also fared well. Siemens firmed DM 15 to DM 729.

Public authority bonds rose sharply in busy trade, with the Bundesbank selling DM 80.7m of paper after selling DM 174.3m on Friday.

Paris closed firm but off the day's highs following late profit-taking. Bouygues mirrored the trend, leaping 6.13 per cent at the opening on the news that the consortium it heads had won a FFr 3bn stake in TF-1, but falling back to close up FFr 34 at FFr 1,485 – still a 12-month peak.

Hachette, which headed the losing consortium for the TF-1 stake, lost FFr 30 to FFr 3,250, despite news of a 27 per cent rise in profits for 1986.

Construction issues were cheered by a cut in overnight call money rates, with Lafarge-Coppée FFr 8 firmer at FFr 1,687 and Saint Gobain up FFr 4 at FFr 481.

Moët Hennessey added FFr 4 to FFr 2,396 amid news of a 17 per cent rise in earnings. Blue chip Peugeot rose FFr 14 to FFr 1,509.

Brussels consolidated last week's gains, supported by a downward trend in interest rates, good corporate news and the buoyancy of other world bourses.

The Brussels SE index was 12.14 higher at 4,496.63.

Armaments stock FN put on BFr 240 to BFr 1,900 on news that shareholders had agreed to a capital injection.

But news that the US energy department would not act on alleged price violations by Petrofina failed to aid the oil stock, which stayed at BFr 10,400.

Metal stock Hoboken dropped back BFr 90 to BFr 7,050 from recent gains, but steels stayed firm, with Arbed up BFr 45 to BFr 1,615, as did insurers; AG rose BFr 90 to BFr 5,990.

Zurich firmed slightly, led by domestic interest, as the recent selective focus of buying shifted from banks to blue chips.

Banks were mixed to lower, with Bank Leu bearer SFr 75 off at SFr 3,300, Swiss Bank SFr 7 lower at SFr 480 and UBS dipping SFr 10 to SFr 5,350.

In chemicals, Sandoz bearer gained SFr 75 to close at SFr 11,375, but pharmaceutical Ciba-Geigy dipped SFr 20 to SFr 3,350.

Amsterdam prices were strongly higher in response to Wall Street's buoyant Friday and early Monday trading.

Internationals featured particularly well. Unilever added Fl 12.5 to Fl 598, Philips rose Fl 1.90 to Fl 51.60 and Royal Dutch put on Fl 6.90 to Fl 51.40.

Milan firmed in selective buying although late profit-taking spurred by continuing uncertainty over Italy's governmental crisis pared early gains.

Fiat was again in demand, rising L288 to L13,168. Other blue chips led the early advance, Olivetti putting on L150 to L13,000 and Montedison L30 to L2,805.

Madrid eased in light trade. The Madrid general index was 1.44 lower at 220.79.

Oslo prices were largely higher in busy trading. Last week's news of increased permitted foreign ownership in Norwegian financial institutions continued to support the market.

Stockholm hits record

A SURGE of buying, boosted by the planned takeover of Beijer by Argentus, lifted share prices sharply in Stockholm, taking two of the key bourse indices to record levels after several weeks of consolidation.

The buying spree by foreigners and domestic institutions was also attributed to lower money market rates, high liquidity and chart considerations.

The Veckans Affarer all-share index gained 18.4 to a peak of 962.2 in heavy turnover of SKr 492m, up SKr 177m from the previous session, while the Affarsvariden general index jumped by 2 per cent to 773.7, equalling the high it reached on November 12.

The bourse has not risen as strongly since early February when it picked up from a depression that had lasted throughout January.

Beijer shot up SKr 52 to SKr 227 on news of the merger with Argentus, which will shake up the empire of Swedish financier Mr Anders Wall.

Among leading blue chips, Ericsson rose SKr 8 to SKr 281, Volvo SKr 12 to SKr 323 and Electrolux, the most active stock, SKr 13 to SKr 320.

Skandia International, which said it is to be traded on the US over-the-counter market, put on SKr 1 to SKr 166.

Aga, which is rivalling bids from France, Spain and West Germany to take over the French chemicals group Duffour et Igon, was ahead by SKr 7 to SKr 192.

ASIA

Nikkei drops from peaks as jitters return

TOKYO

INVESTOR concern over Tokyo's precariously high prices pushed stocks lower for the first time in five sessions, *writes Shigeo Nishiwaki of Jiji Press*

The Nikkei average shed 152.56 points from last Saturday to 22,586.11. Trading remained heavy at 1.79bn shares compared with last Friday's 1.51bn. Declines outran advances by 484 to 370, with 138 issues unchanged.

The market opened strongly, spurred by the Ministry of International Trade and Industry's (Miti) Y55 trillion (million million) plan to construct artificial islands in Tokyo Bay to expand domestic demand. Accordingly, steels, shipbuildings and constructions, which are expected to participate in the project, attracted strong buying.

Later, however, a cautious mood grew to dominate the market as prices had extended their rising streak for four consecutive trading days, with the Nikkei average setting a record high for three days in a row.

Investors shied away as they awaited the outcome of today's talks between Mr Kiichi Miyazawa, the Finance Minister, and his US counterpart, Mr James Baker in Washington.

They were also concerned over whether a package of pump-priming measures to be adopted by the ruling Liberal-Democratic Party today would help defuse criticism of Japan's trade and economic policies from the United States and Europe.

On the trading floor, Nippon Steel topped the active list with 372.38m shares changing hands and rose Y7 to Y382. Nippon Kokan gained Y17 to Y344 and Ishikawajima-Harima Heavy Industries Y5 to Y620. Nippon Kokan was the second busiest issue with 264.27m shares and Ishikawajima-Harima third with 125.56m.

Construction issues were popular, Taisei Corp. jumping Y40 to Y1,270, Kajima Y110 to Y1,890 and Penta-Ocean Construction Y94 to Y994. Cement issues were steady.

Some financial issues firmed. The Industrial Bank of Japan, which is reported to be planning a capital increase, rose Y150 to Y3,680, while Sumitomo Bank ended Y120 higher at Y3,720.

Bond prices continued steady, helped by the strong performance of the bond futures market.

Futures contracts for June topped Y110 for the first time, reaching Y110.01 at one stage.

This sparked enthusiastic buying on the cash market, with the yield on the benchmark 5.1 per cent government bond falling to 3.865 per cent. The benchmark, maturing in June 1995, was sold heavily later and the yield ended at 3.970 per cent, down from 3.999 per cent on Saturday's close.

Hong Kong and Johannesburg were closed yesterday for holidays.

AUSTRALIA

THE RECORD run continued in Sydney as strong overseas and domestic demand for resources and industrials pushed the All Ordinaries index up a further 24.5 from Friday's peak to 1,746.4.

Buying of golds, encouraged by the rising bullion price, took the gold index up by 112.5 to 3,028.9, the first time it has breached the 3,000 level.

Among media issues, News Corp, which is buying almost 15 per cent of Northern Star Holdings, added 10 cents to A$24.00.

SINGAPORE

BLUE CHIPS scored the best gains in Singapore as modest buying took the Straits Times industrial index up 5.8 to 1,080.98 in only moderate turnover.

Singapore Airlines was 20 cents higher at S$11.90, Genting up 10 cents at S$12.60 and Fraser and Neave 20 cents ahead at S$10.20.

Banks were mainly higher, but OCBC eased 5 cents to S$9.65.

Seoul shrugs off ministry's curbs

SOUTH KOREAN investors, undeterred by warnings from the Ministry of Finance and cheered by news of a set of industrial rationalisation measures, pushed the Seoul Stock Exchange's composite index up 10 points to 397 yesterday to regain all last week's losses, writes Maggie Ford in Seoul.

Analysts calculated that ministry plans announced last week to curb the booming stock market would remove only between won 200bn ($236.2m) and won 250bn of holdings, equivalent to about three days' turnover and easily absorbed over a period of time.

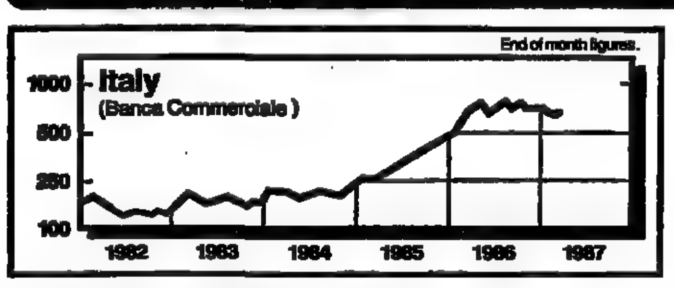
Investors were particularly keen on shares in construction companies, after the Economic Planning Board had announced at the weekend that 26 debt-ridden companies would be helped to pay off their loans. A decline in Middle East orders has led to debts of as much as $2bn in the South Korean construction industry, according to officials.

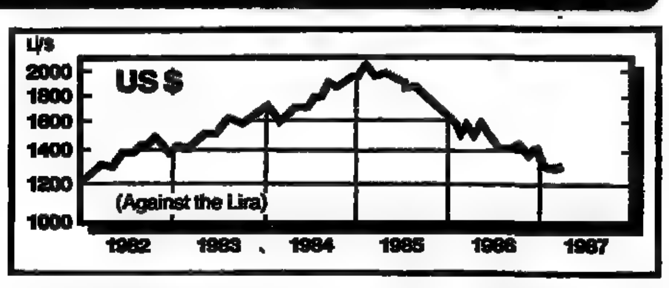
Shares in financial companies also rose yesterday because of rumours that the government plans to arrange mergers between short-term investment finance houses and securities companies.

Analysts believe the market will continue to rise, probably breaking the 400 barrier again. A rise in money supply, up 18 per cent for two years running following the country's excellent trade performance, has created a demand for investment opportunities that cannot be satisfied at present by other means.

Plans to open the stock market to foreign investment remain in doubt. However, foreigners can buy into two funds, both of which are trading at large premium.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	April 6	Previous	Year ago
DJ Industrials	2,405.54	2,390.34	252.66
DJ Transport	961.48	951.43	779.32
DJ Utilities	214.01	213.32	186.55
S&P Comp.	301.95	300.41	228.69
LONDON FT			
Ord	1,566.0	1,546.4	1,400.9
SE 100	1,989.6	1,965.1	1,709.7
A All-share	996.88	986.06	818.22
A 500	1,110.54	1,109.80	901.13
Gold mines	421.8	416.9	290.0
A Long gilt	9.07	9.24	8.73
World Act. Ind (April 1)	$123.76	$122.66	$123.33
TOKYO			
Nikkei	22,586.8	22,410.8	15,019.8
Tokyo SE	1,933.31	1,918.20	1,202.33
AUSTRALIA			
All Ord.	1,746.4	1,721.6	1,153.9
Metals & Mins.	992.9	965.1	550.7
AUSTRIA			
Credit Aktien	201.30	200.22	114.80
BELGIAN SE			
	4,499.93	4,484.49	3,644.21
CANADA			
Toronto			
Met.& Mins.	2,750.8	–	2,266.0
Composite	3,881.2	3,847.0	3,017.4
Montreal			
Portfolio	1,934.74	1,909.7	1,561.71
DENMARK SE			
	198.70	198.73	(c)
FRANCE			
CAC Gen	459.0	458.9	372.10
Ind. Tendance	115.90	115.8	92.6
WEST GERMANY			
FAZ-Aktien	616.62	604.69	704.69
Commerzbank	1,871.30	1,835.3	2,085.5
HONG KONG Hang Seng	(c)	2,679.99	1,643.60
ITALY Banca Comm.	726.68	723.97	726.81
NETHERLANDS ANP CBS			
Gen		283.9	269.0
Ind		260.9	256.1
NORWAY Oslo SE	–	419.59	353.94
SINGAPORE Straits Times	—	1,075.18	598.31
SOUTH AFRICA JSE			
Golds	—	1,981.0	1,215.4
Industrials	—	1,747.0	1,138.5
SPAIN Madrid SE	—	222.23	158.90
SWEDEN J & P	2,691.86	2,614.38	2,179.60
SWITZERLAND Swiss Bank Ind	600.40	599.8	601.0

COMMODITIES (London)

	April 6	Prev
Silver (spot)	401.15p	394.05p
Copper (cash)	£909.25	£908.50
Coffee (July)	£1,251.00	£1,242.00
Oil (Brent)	$18.65	$18.625

GOLD ($/oz)

	April 6	Prev
London	$422.00	$419.00
Zürich	$421.75	$418.45
Paris (fixing)	$421.43	$416.83
Luxembourg	$420.60	$418.60
New York (June)	$422.60	$423.90

CURRENCIES (London)

	US DOLLAR April 6	Previous	STERLING April 6	Previous
£	–	–	1.6175	1.6140
DM	1.8250	1.8180	2.9525	2.936
Yen	146.05	145.70	236.25	235.25
FFr	6.0725	6.05	9.8225	9.765
SFr	1.5195	1.5140	2.46	2.4425
Fl	2.0600	2.0490	3.3325	3.3075
Lira	1,300	1,295	2,102.75	2,090
BFr	37.80	37.55	61.15	60.60
C$	1.3075	1.3080	2.1145	2.1110

INTEREST RATES

	April 6	Prev
Euro-currencies (3-month offered rate)		
£	9¾	10
SFr	3⅞	3¾
DM	3⅞	4
FFr	8¼	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	6⅝	6⅝
6-month US$	6¾	6¾
US Fed Funds	6⅛*	6⅛
US 3-month CDs	6.10*	6.10
US 3-month T-bills	5.485*	5.63

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	98-09	98-16	98-03	97-24
US Treasury Bills (IMM) $1m points of 100%				
June	94.35	94.37	94.32	94.30
Certificates of Deposit (IMM) $1m points of 100%				
June	–	93.71	–	93.88
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.38	93.38	93.35	93.27
20-year Notional Gilt £50,000 32nds of 100%				
June	124-07	124-18	123-22	122-18

US BONDS

Treasury	April 6 Price	Yield	Prev Price	Yield
6⅝ 1989	99⅞	6.545	99⅞	6.65
7 1994	97¾	7.330	97¾	7.573
7¼ 1996	97¾	7.52	97¾	7.583
7½ 2016	95¾	7.824	95¾	7.878

Source: Harris Trust Savings Bank

Treasury Index April 6 Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.76	–0.03

Source: Merrill Lynch

Corporate	April 6 Price	Yield	Prev Price	Yield
AT&T 3⅞ July 1990	94.14	5.60	94.0	5.95
BCBT South Central 10⅞ Jan 1993	104.175	9.78	104.71	9.78
Phibro Sal 8 April 1996	98.375	8.25	97.75	8.36
TRW 8⅞ March 1996	102.625	8.50	102.50	8.54
Arco 9⅞ March 2016	110.0	8.90	109.75	8.93
General Motors 8⅞ April 2016	92.0	8.80	91.50	8.95
Citicorp 9⅞ March 2016	100.0	9.38	99.75	9.50

Source: Salomon Brothers

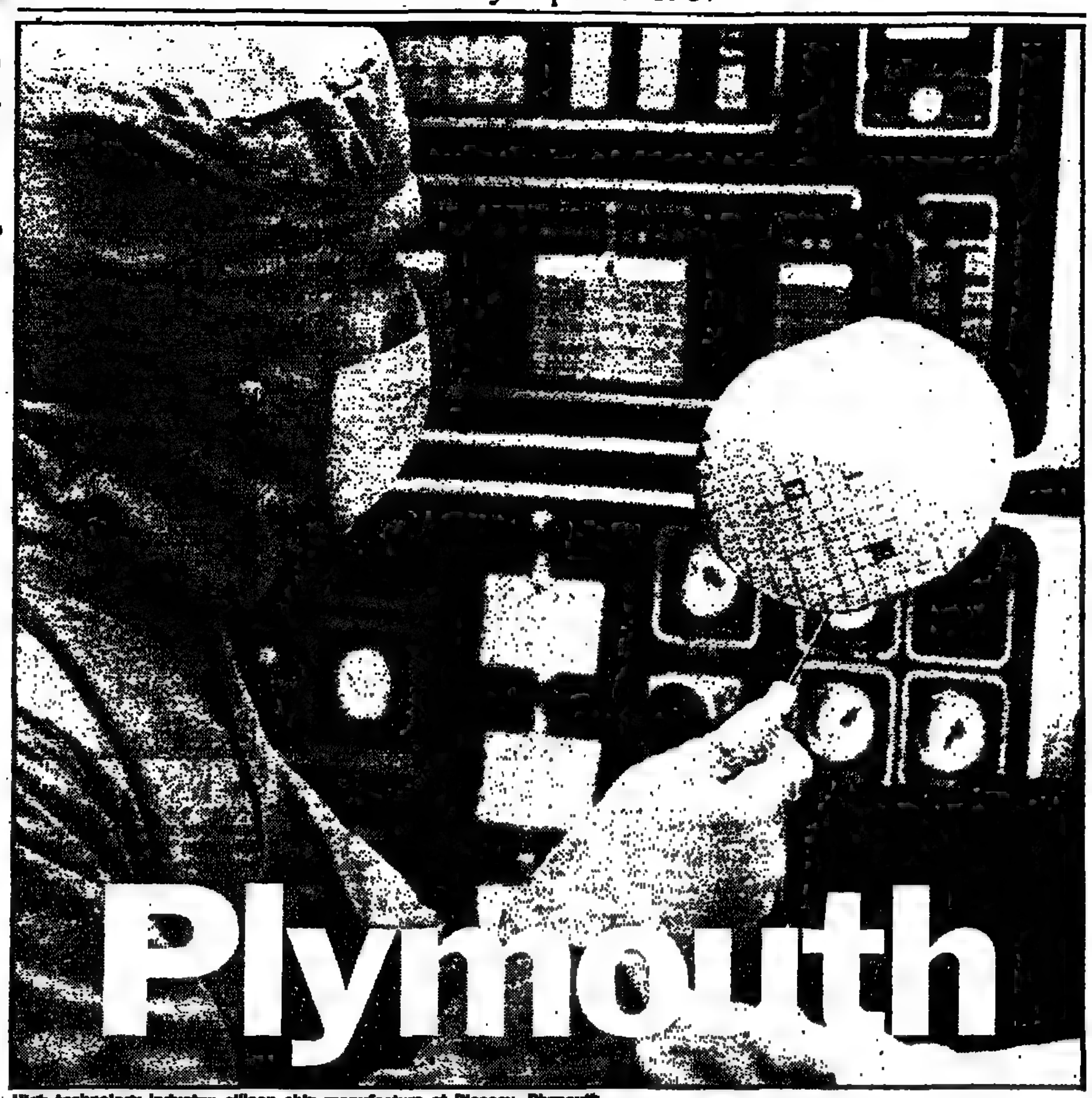
* Latest available figures

SECTION III

FINANCIAL TIMES SURVEY

The port of Plymouth is the largest city on the south coast of Britain. With its world-class skills it is seeking to broaden its industrial base as the Devonport dockyard, long the city's dominant employer, is now facing significant job losses, as Anthony Moreton reports here.

Tuesday April 7 1987



High technology industry: silicon chip manufacture at Plessey, Plymouth

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Higher education	3	Media development	6
Air services	4	New businesses	6
Marine studies	4	*Pictures by Roger Taylor*	

Basic Facts

Population 260,000
Local Authority
Plymouth City Council,
Civic Centre,
PLYMOUTH PL1 2EW
0752 668000
Polytechnic
Plymouth Polytechnic,
Drake Circus,
PLYMOUTH PL4 8AA
0752 221312
Enterprise Agency
Enterprise Plymouth
Somerset Place,
Stoke,
PLYMOUTH PL3 4BB
0752 569211
Chamber of Commerce
Plymouth Chamber of Commerce and Industry,
29 Looe Street,
PLYMOUTH
0752 221151
Assisted Area Status
Intermediate Area

Plymouth Airport
Brymon Airways
0752 705151

Ro-Ro Ferries
Brittany Ferries,
Ferry Port,
Millbay Docks,
PLYMOUTH
0752 221321

Plymouth Marketing Organisation
Plymouth Marketing Bureau,
12 St. Andrews Street,
PLYMOUTH
0752 261125

Regional Inward Investment Marketing Organisation
Devon & Cornwall Development Bureau,
Forge House,
18 Tavistock Road,
Roborough,
PLYMOUTH PL6 7BB
0752 793379

Striving for the first division

EVER SINCE Drake completed his renowned game of Elizabethan bowls and set about dispatching the Spaniards, Plymouth has been irretrievably linked with naval matters. Today, the dockyard and the Royal Navy base dominate the city, employing some 17,000 people between them compared with a little over 1,000 in the next largest single employer.

In recent years that domination has had an unsettling effect. Successive reviews of defence policy have left the city feeling vulnerable. Improvements in design and maintenance of vessels has, at the same time, led to less work having to be done on them. All has meant the naval presence is no longer as central to the city as it once was.

Now, Plymouth has also had to come to terms with a different structure of commercial management in the dockyard.

Since time immemorial the dockyard has been part of the civil service. Costs have been less important than quality of work and management has basked in the luxury of operating a vertical structure. Now it has to operate horizontally according to Mr Dick Morris, chairman of Brown & Root, the company which is the lead operator in the consortium that will manage the dockyard for the next seven year.

"Unit costs are now top priority," he says, "and we shall be looking for other contract work outside the defence industry." The dockyard is facing a period of considerable change.

Numbers are falling within the dockyard. Once thy were over 22,000; two years ago they were 13,000. Now they are around 11,100 and they will fall by about 2,300 over the period of the management contract according to Mr David Johnston, deputy chairman of Devonport Management Ltd (DML), the consortium company that will now run the yard and which includes Balfour Beatty and the Weir group as well as Brown & Root.

Mr Johnston denies there will be any large-scale redundancies in the coming months, which many in the city fear, though he qualifies it by saying that the future hinges on the ability of the yard to win outside contracts.

The dockyard itself pumps some £2.5m a week into the local economy. The naval base, which functions independently of the dockyard and which includes establishments such as HMS Drake and HMS Thunderer in the city itself, contributes another £2.5m. Many of the other companies, such as British Aerospace, also contribute to the defence industry. Annual defence reviews are watched anxiously.

The city has searched, with a fair degree of success, for a broader industrial base to lessen its dependence on defence-related industries. It has attracted in 15 concerns from the US, led by Wrigley, the chewing-gum concern, as well as a couple of companies from West Germany—Rittal CSM and Wandel and Goltermann, both of which are seeking to expand—and Toshiba, from Japan. Only last month another American, Vitronics, announced its intending arrival.

Others could come from Japan. Mr Ivor Simpson, director of the Devon and Cornwall Development Bureau, reports that six parties of Japanese industrialists have visited the city over the past two years.

"Plymouth may still be dominated by defence-related activities," he states, "but it is the new industries that we can attract that are going to be important for the future. There are world-class skills in Plymouth and this is a major attraction to companies thinking of relocating here."

Indigenous industry has also played its part in expanding the industrial base. Plessey has a £50m new plant to produce advanced chips which will employ between 300 and 400 people in addition to the 320 it has in an existing plant. Siebe is continuing strongly, though its numbers are now much reduced compared with a generation ago, and others such as Marine Products have built a strong local waterside-associated activity. Another recent entrant has been an arm of NOP, the pollsters.

It has not been success all along the way. Texas Instruments closed its factory in March, laying off 320 workers amid accusations that Plymouth was being subjected to the branch-plant syndrome so common in the north of England in the 1970s.

The main thrust of the bureau's overseas promotion, which covers the two counties as well as the city, has been in the US. But as Japanese interest increases, the bureau is contemplating adding a Japanese representative to its staff this year.

"To succeed in Japan you have to have a Japanese presence," Mr Simpson says.

It is not just in industry that Plymouth is looking to the future. It is also planning to give a face-lift to the city centre itself.

Plymouth is an attractive city, free of much of the grafitti and social problems that bedevil many of the country's industrial centres. It possesses an incomparable heart in the Hoe and the Sound and has linked these two directly to the commercial centre through Armada Way.

Plymouth suffered badly at the hands of enemy bombers in 1941 and the present city centre owes everything to the prescient planning of Sir Patrick Abercrombie who, in 1943, drew up plans for the rebuilding of the centre that were 20 years ahead of their time.

He designed a city for the car, giving it wide streets, almost boulevards, that would allow the city to grow with the coming explosion of motor vehicles.

Now, however, Abercrombie has been overtaken by different shopping patterns. The car is encouraged to go to out-of-town centres and the inner city itself has become a place for "intimate" shopping, a place for pedestrians to wander.

Plymouth is coming to terms with this change with a £2.1m scheme to pedestrianise Armada Way and parts of two of its main streets. It would also like to incorporate the fashionable covered arcades that now grace cities such as Newcastle, Leeds, Birmingham and Milton Keynes.

Unfortunately, the scope of Abercrombie's architectural design precludes this; the streets are simply too wide. So the council has approached the main shops and the developers to see if they would participate in a scheme to build covered archways along their frontages. The response, so far, has been muted.

Apart from the Hoe and the Sound, Plymouth has another incomparable asset in the Barbican, a waterside area just off the city centre which has been developed in a small way along the lines of Covent Garden or Bristol, full of small shops, restaurants and atmosphere.

Further developments are taking place all the time and if the water itself could be turned into a marina the possibilities are unlimited.

The Barbican is a place of colour and gaiety. The hope is that it could become a place that holidaymakers put on their itinerary when they flock down to the countryside of Devon or the beaches of Cornwall.

"Plymouth" says Mr Simpson, "is a place with team spirit, with lots of life."

It might also be described, like its football team, Argyle, as a place striving for a spot in the first division. Somehow that goal has consistently evaded the soccer players and their fans at Home Park and the city fathers are hoping they might have rather more success.

Anthony Moreton

Dockyard commercial management

Crucial to regional prosperity

THE ROYAL yacht Britannia is now lying in one of Devonports' dry docks undergoing a £10m refit. Stripped of her paint and without many of her famous features, the vessel looks a long way from being a floating home for the Queen.

The intention is to give the 34-year-old lady another 10-15 years of life and is the first time the vessel has been refitted anywhere but Portsmouth.

Mr David Johnston, executive deputy chairman of Devonport Management Ltd (DML), the company formed to run the dockyard when the Government opted for a form of commercial management, is delighted with Devonport's success in winning this prestige contract.

"The refit came to Devonport," he says, "because we have the high skills necessary to undertake the work and because an agreement was established between management and unions covering industril action and working practices.

More important, it is the sort of work that the dockyard has to win if it is to prosper under its new management structure. That prosperity is important not just for the dockyard, which is faced with declining orders from the Royal Navy for its 11,100 workers, but also for the city of Plymouth, since the dockyard pumps some £2.5m into the local economy each week.

The birth of DML has not been an easy one. Although the change of structure has been portrayed as privatisation, and therefore part of the Government's programme which has taken in corporations such as British Telecom and British Gas, the comparison is not strictly valid.

Because of the heavy preponderance of defence spending in the dockyard the Government was unwilling to follow previous patterns and to opt for gold, a Government-owned, commercially-managed, system. The Government would own the dockyard and lease, for seven years, the right for the management to be undertaken by a commercial concern.

To protect the workers in the event of the commercial operator not being chosen to carry on the contract at the end of the seven years, all the employees have been employed by a separate company which will subcontract them to DML.

This change has been bitterly opposed. The unions have adamantly fought it, Mr Jack Dromey, a national official of the Transport and General Workers Union, likening it to "a turkey voting early for Christmas."

He has also aroused the spectre of large-scale unemployment, says there is a feeling of betrayal in the yard, which has been within the public sector since it was established three centuries ago, and claims the contract "will be cancelled immediately after the coming general election." This assumes that Labour wins the election.

Opposition is not confined to the unions and crosses the party divide. The Conservative-led Plymouth city council is also opposed, much to the annoyance of the Government, as is the Alliance-led Devon County Council. There is also criticism within the unions that the lead company in the DML consortium, Brown and Root (the others are Balfour Beatty and the Weir Group) is the UK subsidiary of a US concern.

The fear of further redundancies is very real and not evaded by Mr Johnston. The yard has lost some 2,000 workers over the past two years and faces a further decline as modern ships become more efficient in design and construction and need less maintenance. Furthermore, by the mid-1990s Ministry of Defence work is expected t drop by 40 per cent.

But he denies reports circulating in the city that 4,000 men could go — "since last September, the rate of reduction has been trimmed and is not now as severe. Although accurate forecasting is impossible, since it depends on the amount of work done, the workload should remain stable over the next 18 months at least and I see job losses of around 2,300 over the next seven years, bringing the figure down to around 8,800," he says.

"I do not expect any major redundancies over the next 18 months to two years and, in fact, we are at the moment recruiting some 150 non-craft people."

Mr Dick Morris, chairman of Brown and Root, an ebullient Welshman who arrived at the company via a long spell with Courtaulds and a short time as deputy chairman of the National Enterprise Board in the closing years of the last Labour government, is at pains to assuage ruffled union feelings.

"We can bring great experience of management systems to DML," he says, "but as the yard has always operated within the public system cost has not necessarily been the first factor under consideration.

"What we have to do is to get operating efficiency up and costs firmly under control. The run-down in numbers would have happened anyway because of the changed situation in which the Royal Navy is operating. So we have to look for alternative work and use the dockyard to better effect in these changed circumstances.

"We are good employers and have excellent labour relations. At our Highland Fabricators yard at Nigg in the north of Scotland, Highland Fabricators is a model of union negotiations.

"Furthermore, we have put aside 10.3 per cent of the capital of DML for key employees so they can feel they are fully participating in the venture.

"We like the management and the workforce, which is very highly skilled. We have already *been most impressed by them.* The unions continue to battle against what they call 'privatisation' but that battle is over and I do not think they are now acting in the best interests of their members. I am certainly not a union-basher, as the men at Nigg know."

The first task, according to Mr Morris, is to get costs down. This is an area where he has something solid to work on as the previous management had made great gains. In 1982-83 just over a fifth (21.9 per cent) of all work in the yard over-ran on the projected time and budgets were 15.4 per cent over estimate. By 1985-86 the time overrun was down to 2.8 per cent and the cost overspend down to 1.6 per cent.

The strategy now is to "serve the Royal Navy well, give it quality at the right price, and look for alternative work.

"There are three miles of quays in the dockyard, which is the largest of its sort in Europe and must be one of the largest in the world."

Taking on the dockyard is something of a gamble for Brown & Root. Not all the board members wanted to bid for the contract and so Mr Morris has to justify his decision with results.

Nor is the new venture happening at the best time for the company. Its work in the North Sea has dropped considerably following the fall in the price of oil and the cutback in activity there. By the time DML is up and running it will contribute about half the company's turnover.

Nevertheless, Mr Morris is optimistic—"This is a £7bn business over the life of the contract, which is good for the company. We intend to see that it is good for the workers, too, and for the local community.

"A good business is one that harnesses every section of the community, one in which everyone has a stake in its success."

Anthony Moreton

"We have high skills here," emphasises Mr David Johnston, executive deputy chairman of Devonport Management (DML). Behind him is HMS Hermes, which is having a 12-month £19m refit for the Indian Navy

Naval links

As strong as ever

THE ROYAL NAVY and Plymouth have been indissolubly linked for almost three centuries, since William and Mary landed in England just along the coast in 1689.

Few people in Plymouth now take that connection for granted. They know it has disappeared in ports such as Pembroke Dock, in 1927, and, more recently, Chatham and have watched the workforce in the dockyard come down from a peak of over 16,000 to just over 11,000.

Today there are only 45 Royal Navy ships and submarines either in or based at Devonport, accounting for 8,000 men and women, small beer compared with the past. But with the 4,000 actually working on the base the naval contribution to the city is still very strong.

It has been estimated that the dockyard pumps £2.5m a week into the city in wages and other costs and the Royal Navy's contribution probably takes the total to around £5m.

The naval link covers establishments such as HMS Raleigh, which caters for new entry training for seamen and WRNS; HMS Thunderer, the engineering college, 75 of whose 400 students come from abroad; HMS Cambridge, the gunnery school which has 5,500 students a year; and HMS Drake, the hotel and welfare establishment.

In addition, there are the Royal Marines barracks and the Royal Navy hospital.

The contract for the dockyard at Devonport goes back to December, 1690, according to George Dicker's informative *Short History of Devonport* Royal Dockyard, and the first workhouses, storehouses and dockyard were completed between 1694 and 1697—at a cost of £50,000. The first ship to be launched off a slipway, the Postboy, a four-gun 78-tonner came in 1694 and the last, the Scylla, in 1970.

Plymouth's most famous naval link is with Sir Francis Drake, a former mayor of the city. His famous defeat of the Armada—being commemorated next year—predated the establishment of the dockyard by more than a century.

Despite its long life, Devonport, now an inner suburb of the city, is somewhat a junior in naval terms, since Portsmouth, Sheerness, Chatham, Woolwich and Deptford all have longer *histories.*

It owes its existence to the 17th century Dutch wars and the accession of William and Mary in 1689. The Dutch wars had occupied the Royal Navy on and off from 1652 to 1674, according to Mr Dicker. The Dutch had "developed an impudent and annoying habit of slipping across the water and raiding our East coast ports and anchorages, retiring before they could be caught."

The "crowning indignity" came in 1667 when a powerful squadron of their ships sailed up the Medway, silenced the guns of Sheerness, moved on to Chatham and carried out "a devastating attack on the fleet there."

To exacerbate matters, the Dutch not only retreated unhurriedly but took the Royal Navy's pride, the Royal Charles, with them as well.

Peace with the Dutch, the accession of William and Mary and the fact that the couple landed nearby and that Plymouth was one of the first towns to declare for them subsequently led to William's interest in establishing a base in Devonport and "the fact that the Admiralty started moving so soon after William III,s accession and actually let a contract within 18 months, after years of hesitation, clearly shows the King's influence at work," says Mr Dicker.

Devonport also houses the principal supply and transport office of the Royal Navy, it has a fleet maintenance base in HMS Defiance which provides engineering and stores support, a unit in HMS Drake which looks after such items as accommodation, medical and dental services and married quarters at Plymouth, and an office of the captain of the port and Queen's harbour master, which has 716 people on its books, 560 of them industrial workers.

This office is responsible for such services as tugs, pilots, riggers, lighters, barges ad the safety of the harbour.

While Devonport dominates the economy of the city its numbers employed are not large in relation to the total population of just under 300,000. But there was a time when it exceeded that of Plymouth itself. When Victoria came to the throne in 1837 the number of those actually working in the dockyard was larger than those in the surrounding city.

Conditions now bear no resemblance to those in the last century. It was not uncommon for workers arriving in the morning to see a figure hanging from the yard arm. Or for a flogging to be taking place. In 1883, Mr Dicker records "horrifed watchers at Keyham yard saw two of the crew of Agincourt plunge 140ft to their deaths" having lost their footing on the top gallant mast.

During the Napoleonic wars, many ports were linked to London by chains of semaphore signalling stations and just such *a chain stretched from Mount* Wise (in the city) to the capital.

"Mount Wise was the last in a chain of 50 stations and so efficient did the system become that it was claimed that a reply to a message relayed to the Admiralty could be received back in 15 minutes."

Today, the Royal Navy's frigates and submarines are more likely to correspond with the Admiralty by telephone or some sophisticated system that it does not wish to talk much about. The dockside is occupied by vessels of a host of friendly powers, in addition to the British navy. But the links between service and city remain as string as ever, even if the numbers are depleted.

Anthony Moreton

Industry

Newcomers like what they find

THE ROOM in the penthouse of the Holiday Inn was packed. Politicians, representatives of industry and the council executive were all assembled to welcome a new American company. At first, Vitronics would provide only 17 jobs, though rapid growth to 50 was predicted by its chairman, Jim Manfield, and there would be additional subcontracting work locally.

Just the day before had come the news that another American company, Texas Instruments, which had moved to the city in the early 1970s, was adding a further 320 to the 200 redundancies already announced and was shutting down its silicon chip manufacturing operations in Plymouth.

Although everyone knew that times were hard in the worldwide chip manufacturing industry, this news came as a shock.

Texas's departure has taken the gloss off the general feeling of well-being about the performance and prospects for Plymouth's industry and drawn attention to the dependence of the city on subsidiary manufacturing plants rather than home-grown companies for the provision of industrial jobs.

But while there will be problems in the immediate future over the replacement of those jobs, the underlying strength of Plymouth's economy should continue to develop. The city is confident of attracting prestige companies with prestige jobs, and changes in the ownership and management of the dockyard could lead to an increase in opportunities for local companies.

Although Farley's Rusks (now owned by Boots) have been made in Plymouth since before the war, the majority of Plymouth's companies and major employers have established operations in the city since it was devastated in the war.

And in the most part they like what they find. Siebe, which makes automotive ond other engineered parts, has not only expanded in Plymouth but bought an American company which has its European headquarters and a major manufacturing plant there.

Siebe bought Ranco Controls of Ohio in a deal completed in March. Coincidentally, but, says group managing director Barrie Stephens, very happily, they had taken over in December 1983 the Tecalemit Group which had four separate companies all making products to do with either cars or garage equipment, all based in Plymouth. These employ a further 1,600 people and Siebe has since built three new factories.

In four significant cases major companies have not only stayed but grown and brought in other divisions, too. Wrigley, the US-owned chewing gum manufacturer, has its main European manufacturing plant in Plymouth and employs about 750 people. It also has its North African and Eastern Mediterranean headquarters there, so for one company at least, being in the south-west peninsula of England has proved no handicap. And, having a high added value, small, dense, product, transport costs and distances have not been a problem.

For Toshiba, which first came to Plymouth in a joint venture with Rank for the manufacture of televisions (only to see Rank pull out), Plymouth has been a success, too. They have doubled the number of employees to 1,100, taken on a new factory to produce video cassette recorders and microwave ovens—with the far-sighted help of the local council which bought the factory and held it for a year while Toshiba's main board in Japan made up its mind about the new European location—and are now the city's biggest non-dockyard industrial employer.

British Aerospace, too, has brought in another division and added research facility alongside its weapons guidance and control systems production. The company has taken early advantage of a feeling that the trend which has seen hi-tech companies ribboning along the M4 will continue down the M5 and on down the A38 to Plymouth.

Plessey too has had a plant making integrated circuits at Plympton since the mid-70s and it is partly a tribute to the workforce that the decision was taken to put a £50m new factory into Plymouth at Roborough.

That plant, which began operations in January but is not officially opened until May, both makes 6-inch CMOS wafers (complimentary metal oxide silicon) and is the home of extensive product and design testing and engineering.

Nor has Plessey had any difficulty in attracting, in an industry where recruitment is notoriously difficult, top class scientists to work in Plymouth, a factor which has encouraged English Estates to put up speculative industrial buildings and has encouraged the council to go ahead with promoting the new Langage Business Park.

They are also responding to a vigorous new campaign by the Devon and Cornwall Development Bureau through its office in Boston, Massachusetts. Plymouth shares that effort with the two counties and with other centres like Exeter, Truro and Penzance but Ulster-born executive director Ivon Simpson is convinced he can do a good job for all of his clients and that the strategy of concentrating on Boston in the search for new industry is the right one.

Plymouth is also represented in London, where it feels there are many companies thinking about relocation to reduce overheads—another American subsidiary, Vickers Staffa, making industrial electrical motors for use in mining, heavy construction and marine applications, is one that moved from London.

None of these initiatives, however, is guaranteed to solve the vulnerability which Plymouth is exposed to as a location of subsidiaries with relatively few groups having their headquarters there. Pride in being the choice of 15 American companies and communications electronics companies like W & G Instruments or even part of UK-based groups such as Clark's Shoes do not hide the fact that one of the biggest, in terms of employees, home-based companies, Westwood Engineering, famous for grass mowing machines, miniature tractors and tilling machines, employs less than 500.

Stuart Alexander

Plymouth's Big Companies

Company	Ultimate Holding Company	Sector	Turnover £m	Year End
Tecalemit	Siebe	Oil engineering	61.3	3/85
Chemedin	Boots	Food products	44.5	6/85
Wrigley	Wm. Wrigley Jr (US)	Confectionery	36.0	12/85
Stafford-Miller	Block Drug (US)	Toiletries	27.3	12/85
Television South-West	—	Programme contractor	23.9	7/85
Marine Projects	Renwick Group	Boats	23.4	12/85
Ranco	Siebe	Electronic components	21.5	9/85
Vospers of Plymouth	—	Motor agents	19.7	12/85
Paper Converting Machine Co	—	Printing machinery	11.7	10/85
Western Morning News	Mail Newspapers	Publishing	11.1	9/85
Fine Tubes	—	Steel tubes	11.0	12/85
Westwood Engineering	—	Garden equipment	11.0	9/85

Source: Jordan Information Services, Jordan House, Brunswick Place, London N16EE.

Retail property

Facelift for model centre

WITHIN the past few weeks all motor traffic has been cleared out of Plymouth's city centre, heralding the start of a major facelift of the central shopping area

Over the next 12 months the local authorities plan to spend some £2m on landscaping the whole area, a prelude to the extension and improvement of the retail environment with, hopefully, glass and steel arcades and the introduction of new visual features such as extended frontages, sculptures, and fountains and cascades. Overall, the city will be spending up to £30m between now and 1990 on a Hoe visitor centre, a new exhibition hall, and new car parks. It also proposes pedestrianising the attractive medieval Barbican district once a new Hoe access road and car park have been built.

The 1943 plan for Plymouth, drawn up by Sir Patrick Abercrombie, led to the construction of an entirely new city centre with wide boulevards and solid modern buildings. It attracted world-wide attention as a model for post-blitz reconstruction. The plan was finally completed last month, (exactly 40 years after it was started), with the opening of the Copthorne hotel and Armada shopping centre.

But tastes change. Provision of wide streets is no longer regarded as the best way of coping with the popularity of the motorcar. Plymouth has now realised that unless it embraces pedestrianisation and keeps abreast of current trends, its retail trade would be in danger of losing ground to out-of-town shopping developments in general and Exeter in particular.

Exeter recently decided no longer to resist the pressure from major retailing groups for greenfield superstore developments. And Plymouth is only 5 minutes outside the 40 minutes drive catchment area (containing a population of 650,000) on which the investment arithmetic for a major regional shopping centre at Exeter is being based.

A long-running public inquiry into the respective merits of six possible sites for the Exeter centre is now under way and one of them seems certain to receive the approval of the Environment Secretary, probably towards the end of next year.

Mr C. J. Shepley, the city's planning officer, says that Plymouth has been galvanised, not so much by the threat from Exeter, as by the fact that it does not want to go down the same retail development avenue.

The change has already received a vote of confidence from the private sector. Sainsbury has agreed to build a 40,000 sq ft "Homebase" store on the west side of Western Approaches.

Discussions are also in train which could lead to the demolition and redevelopment of some sites and an increase of 20-25 per cent in a central retail area which presently totals around 1.2m sq ft. In the meantime, Mr John Lawrence of agents Chesterton Lalonde says that demand for retail space in Plymouth is exceptionally buoyant. Over the past three years Zone A rents have risen from around £80 to close to £100 a sq ft.

He foresees some major site redevelopments but stresses that it will take time to get all interested parties together to agree on specific schemes.

A similar buoyancy has overtaken the industrial property market in the past year. Mr Michael Viner of agents Viner Carew, describes current demand for industrial units as excellent, with rents in the region of £2.50 to £3.00 a sq ft and in excess of £3.50 a sq ft for nursery units.

Mr Alan Janes, regional manager of English Estates, a leading provider of industrial property in the region, says that the problem in the Plymouth area is becoming shortage of suitable land, particularly near the naval dockyard.

Robin Reeves

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Higher Education

University status beckons

WILL PLYMOUTH soon have a university? Unless some very well laid plans go wrong at the last minute the answer is yes. Does Plymouth need a university?

"Not really," say some academics who are opposed to the implied elitism and snobbery which a change in status could be interpreted as being.

"Very definitely," says the business community which is more than happy to see the sort of change in image which being a university city would mean. And "very definitely," says the director of the Polytechnic, Dr Michael Robbins, with the careful proviso that he does not mean an old-style institution but rather a new breed of university evolved from a polytechnic yet retaining the polytechnic's business-like approach to education in the late 20th century and into the 21st.

"We are proceeding along the road of becoming a university," he says, "but there is nothing about us that wants to move in the direction of a traditional institution.

"We want to retain the same sort of ethos that we have presently—that of a polytechnic, comprehensive, vocational, concerned to put on academic programmes that will get young people jobs. We want to work with industry, commerce and the professions and be a sort of public sector university."

Plymouth will not be alone. The polytechnic is talking to Seale Hayne, an agricultural college at Newton Abbot, the Royal College at Exmouth, which is for teacher training, and the College of Art and Design at Exeter, with a view of joining all four institutions together to form a single university.

The polytechnic has grown fivefold in the past 15 years and in doing so has assumed a significant role in the economy of Plymouth. It employs about 1,000 people, turns over £20m annually and, because it recruits students nationally and internationally, it acts as an importer of cash flow.

It also creates cash flow of its own by undertaking research projects on behalf of industry, and would like to see the amount of this work maintained at its present 10 or 12½ per cent of total income.

The polytechnic is, says Dr Robbins, in the top three in the country in terms of the amount of work generated through outside industry and is particularly proud of its work on computer-aided design. But there is also a feeling that a balance has to be struck between the need for funds, the enhancement value of outside-inspired work and the need to keep faith with a syllabus.

Even without the income factor, however, the polytechnic plays a very important role in the local community. It has paid special attention to the range of courses it offers in electronics, engineering and marine research which are already central strands of the local enonomy.

The maritime faculty goes back to 1760: the polytechnic is the home of one of the oldest schools of navigation in the world. Plymouth Polytechnic is also nominated by government, along with the universities of Southampton and Bangor, as a centre of excellence in the field of marine research.

By bringing in agriculture, teaching and design, the new university will assemble an expertise which reflects a large part of the Devon economy and will thereby hopefully improve its contribution to local industry and commerce.

"The education industry is going to be one of the more important industries in this part of the world," says John Bull, deputy director of the college, which may not be how a very normal bunch of students taking part in studies, sport, societies, rags and union elections may see it. But the emergence of the yet-to-named new, enlarged university in 18 months' time is already giving rise to plans which will see it being sold as the new model for higher education.

Stuart Alexander

Air services

Set for City route

ASSUMING EVERYTHING goes according to plan, Plymouth will soon become unique among England's regional cities when it comes to its scheduled airline services. It will join Paris and Brussels as the only cities to enjoy direct scheduled airlinks with three London airports—Heathrow, Gatwick and the new London City Airport which opens in October.

A final decision for the new airport service lies in the hands of the Civil Aviation Authority. Applications to operate scheduled services in and out of the new London City airport have been lodged by Brymon Airways, the Plymouth-based regional airline, which wants four routes, and by British Midland Airlines, which has applied for eight routes in the name of a new subsidiary company, Eurocity Express.

The CAA is expected to announce its decision later this month.

In Brymon's favour is the fact that it has been intimately and uniquely involved in promoting the concept of a Stolport (short take-off and landing airport) in London's docklands ever since 1981. This was when Brymon acquired its first De Havilland of Canada Dash 7—the only aircraft which is licensed to use the new docklands airport, thanks to its exceptional short runway landing and take-off capabilities and the quietness of its engines.

Brymon's application to the CAA is to operate services between London City airport and Amsterdam, Brussels, Paris (Charles de Gaulle), Plymouth and Newquay, Cornwall. It has already ordered two new aircraft and has an option on a third to cope with these new demands which would double Brymon's operating turnover to some £24m a year.

In support of the proposed new London City service, Plymouth Council has also been investing in collaboration with Brymon, £2.5m to widen one runway, rebuild and realign another, complete with instrument landing system and runway approach lighting, plus new fire station and air traffic control building, improved refuelling facilities and additional emergency roads.

But there is a potential slip 'twixt cup and lip. The applications fo the two airlines for operating licences overlap in respect of the Paris, Brussels and Amsterdam routes and Mr Charles Stuart, chairman and chief executive of Brymon, has warned the CAA that his board may decide against going ahead if it is forced to compete against Eurocity Express on these routes.

"It is my view that the volume of business even between Paris and London will be such that dual designation would be uneconomic," he says.

Brymon has calculated that the London City airport has the potential to attract up to 10 per cent of the total London-Paris traffic; that is about 260,000 passengers after three years. But to maximise this potential, the airport needs a parallel foreign airline bringing its own home market.

"Two competing British operators will simply drive each other out of business," argues Mr Stuart.

The battle for licences has at times become acrimonious. Brymon has made much of British Midland's lack of operating experience and even come close to suggesting that its rival is engaged in spoiling tactics to protect routes it has been acquiring out of Heathrow.

For its part, British Midland has argued that Brymon is not, in practice, a small airline with limited resources since British Airways owns 15 per cent of voting rights in the company.

In the meantime, to strengthen its regonal character and provide extra capital for the planned expansion, Brymon has employed the expertise of Dartington and Co, the west country merchant bank, to raise a further £450,000 from a local consortium of companies which includes TSW, the local television franchise holder.

Assuming Brymon wins the go-ahead from the CAA, it will be establishing between London City and Plymouth, what Mr Charles Stuart, likes to describe as the world's first daily scheduled service between two "all-weather city centre airports."

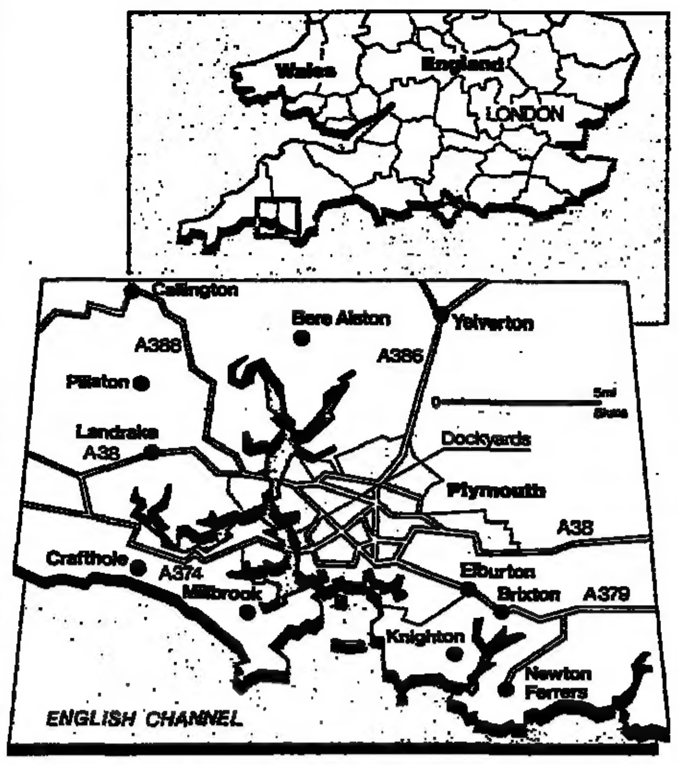
Brymon intends to use the occasion to improve the service aboard the Dash 7s by creating a "Cityclass" standard. This will be carefully tailored to the needs of the business traveller, setting a standard which Mr Stuart hopes will be adopted as Europe's business travel norm.

As he told the CAA, besides reduced journey times (the new airport is only six miles from the Bank of England, compared with 16 miles to Heathrow, 25 miles to Gatwick and 30 miles to Stansted), Brymon would base the marketing appeal of its London City airport services on the principle of "small is beautiful."

"City travellers in a hurry can be airborne within an hour of their travel decision. Those with time to spare will find the ambience to their taste. No queueing, no long walks, all to human scale.

"London City Terminal will be additionally furnished with quiet room, secretarial services, telecommunications, and transmission facilities," he says.

Robin Reeves



Marine studies

Centre of expertise

Prof. Brian Bayne, director of the Institute of Marine Environmental Research.

FROM THE microbes that swim in it, to the leviathans that ply its trade routes, research in the ways and uses of the sea is being carried on at the highest level by three institutes working separately and together in Plymouth.

The three are the Institute for Marine Environmental Research (IMER), the Marine Biological Association (MBA) and the Institute of Marine Studies at Plymouth Polytechnic. Together they cover an array of scientific research which persuaded the Government to make it one of only three centres of excellence into the study of marine life—the other two being Southampton and Bangor universities.

The three share some facilities such as computers and electron microscopes and they are locked into worldwide projects which in the last few years have moved out of the world of the laboratory and scientific journals into public and political debate.

They were all involved jointly into research on the effects on water, sewage and biology which might accompany the construction of the Severn barrage and are now involved in a feasibility study for the Severn Tidal Power Group on the use of the exceptional rise and fall of the tide in the Bristol Channel and Severn Estuary.

The long-term studies of the constituents and change of sea life are accompanied by reaction to shorter-term demand. The MBA turned all its efforts onto studying the affects of the Torrey Canyon oil spill disaster and, more recently, it examined the environmental impact of TBT (tributyl tin) in anti-fouling paints for the bottom of ships and boats.

Work done at Plymouth has been a major contributor to the Government's decision to ban the sale of such products from spring this year for use on pleasure boats and from the summer on large ships. But most of the research is government-funded and pure rather than applied—monitoring the amount of carbon dioxide in the sea or the contribution which the sea naturally makes to sulphur oxides, the demon in acid rain.

All three institutions attract students and researchers from all over the world. Among the up to 100 a year who come to work at the MBA are some who have used their Plymouth research to go on and win Nobel prizes. And while work on the characteristics of fishing gear or navigational systems for ships entering harbour may easily be understood by the general public the relevance of the giant axon nerve in a squid may not be immediately apparent.

But there are commercial pressures encroaching into the world of pure science and when Dr Brian Bayne, director of IMER, Dr Eric Corner, Deputy Director of MBA and Prof. Keith Draper, head of the Institute of Martine Studies at the polytechnic meet, they are as likely to talk about the difficulties of funding as the complexities of some of their research.

The fundamental problem and it faces many other scientific institutions, is that research needs will always outstrip the financial resources available to fund them. But where budgets are squeezed too hard then the first thing to be lost is the people and soon after that, the place among the leaders.

The three marine institutions are now seeking additional sources of funding by undertaking more commercial lines of research. But there is concern that such work could push aside the fundamental research programme and lead to budgets being cut still further.

However, the increase in public awareness about the sea, its condition and its place in the overall environment has, however, given special focus to the work of the scientists in Plymouth.

Stuart Alexander

The professions

Market for services grows

THE M5 brigade is very active in Plymouth. It has no connection whatsoever with anything subversive, and has no political aims. It is, indeed, very respectable and has associates in Bristol, Birmingham and Norwich.

To be accurate, the members do not refer to themselves as a brigade and neither Plymouth, much less Norwich, is on the M5. The original concept was of a group of independent firms of solicitors with the M5 motorway as a link between them, arising out of the realisation that, to compete with the very big firms of solicitors, particularly in the field of training, a consortium approach was needed.

There would also, it was seen, be opportunities for cross-referral of work, some standardisation in the increasing production of literature and even the possibility in the future of a shared database.

Behind the scheme in Plymouth is Bond Pearce, which with 24 partners and over 30 assistant solicitors is the largest firm in the region, with a strong commercial section. It was linked with Burges Salmon in Bristol, Wragge and Co in Birmingham, and Mills and Reeve in Norwich and it is a pointer to the way in which the firm is seeking new methods of improving systems and attracting new assistant solicitors.

All professional firms, be they in London or the provinces, express the same worry; not that they cannot attract new people but that they want people of a particular calibre.

And that is another pointer. It shows the way in which the market for professional services is growing and how Plymouth is strengthening its regional position. There has always been some rivalry between the city and Exeter which, as the county town has also enjoyed the role as both a geographical and administrative centre. Now that distinction is being broken down and the professional firms in Plymouth are making a determined attack on the Exeter market.

Bond Pearce, although merging the Liskeard office back into the Plymouth practice, has opened a new office in Exeter, as has the accountancy practice of Peat Marwick. As Peat's merger with Thomson McLintock, as part of the nearly worldwide merger with KMG Thomson McLintock, goes through so the strength which Thomson had in Exeter is joined with Peat's in Plymouth.

As PM pre-empted by several years the charge of the big international accountants into the West Country so its senior regional partner, Roger Harris, who is based in Plymouth has been able to set up a network which covers both Devon and Cornwall. Coopers & Lybrand are now in Plymouth, Grant Thornton took over an existing local firm and Touche Ross also have an office.

Latest to arrive are Ernst & Whinney, whose new Plymouth senior partner, Jeremy White, has seen the practice double in size in its first year.

Roger Harris sees good signs of expansion for professional services in Plymouth partly fuelled by the underlying strength of its own economy and that of east Cornwall.

With the increasing competition between professional firms, clients are also made more aware of how better to make use of professional advice. A commercial and professional centre is even growing up between the shopping centre and the Hoe where many of the firms are to be found.

With the development of Bristol as a financial centre, and the growing use of electronic communications for the provision of financial instruments and dealing services, Plymouth has remained a small operator in this field.

But it can offer specialist client liaison and very rapid decision making. Barclays manager Mike Crannis, for instance, points to its links through Barclay de Zoete Wedd for all the merchant banking services a client is likely to need, while at the same time having in Plymouth a team of specialist managers, each with their own client portfolios and covering sectors either by type of industry or size of client.

By contrast, Dartington & Co, set up just eight years ago, is aiming to become a successful home-grown merchant bank. The Plymouth office covers the whole of the south-west, though there are also offices in Bristol and its original home, Dartington, and there are plans to open an Exeter office this summer.

Colin Breed, managing director of the bank, predicts that regional banks will become a real force in the next 10 years and points to both personal long-term service and their ability to act as lead managers in the raising of venture capital as two of their principal advantages. It means, he says, that larger lenders can include in their portfolios some of the medium-sized loans with which Dartington is mainly concerned. For its part, Dartington can call on much larger reserves.

Certainly another lender which was established locally, Business Mortgages, has also enjoyed considerable success.

Stuart Alexander

Tourism

Making the most of Armada celebrations

NEXT YEAR sees the 400th anniversary of the defeat of the Spanish Armada, a key event in English history, uniquely connected with the city of Plymouth.

As every schoolboy and girl knows (or at least ought to), Sir Francis Drake was playing bowls in July 1688 on Plymouth Hoe when word was brought by Captain Thomas Fleming of the barque *Golden Hind* that a Spanish invasion fleet had been sighted off the Isles of Scilly. Sir Francis replied, so legend has it: "We have time to finish the game and beat the Spanish, too."

Plymouth plans to make the most of the commemoration, using it not only to stage a programme of sponsored events but also to put the city more firmly on the tourism map.

Since the city's Marketing Bureau was founded nearly 10 years ago, it has built up an annual programme of more than 50 special events. They range from big sailing events such as the Round Britain and Ireland Yacht Race to firework displays.

For the Armada celebrations, the city is seeking an appropriately generous sponsor to underwrite a broad package of events which will be staged throughout the month of July. They include a special exhibition and symposium; a modern day Armada race between San Sebastian and Plymouth; a gathering of representatives from the cities, towns and villages around the world which are also called Plymouth (of which there are more than 50); re-enactments of the game of bowls and the final battle; and host of smaller supporting events such as an ox roast and banquests.

Plymouth lies at the centre of Britain's most popular traditional holiday destination, the West country. But for many years it was by-passed by the holiday visitor, initially because of the war damage, and more recently because it has neither sandy beaches nor something like York Minster or Rhyl Suncentre to act as a focus of attraction. This situation however, is set to change.

"Traditionally, tourists have only come to Plymouth from Torbay for a day's shopping when it is raining. We intend to reach a position where people come and stay in Plymouth and just go to Torbay beach for the day when the sun shines," explains Mr Neil Devons, Plymouth Marketing Bureau's Tourism Officer.

To this end, work has already started on the construction of a £2.8m "visitor centre"—to be known as the Dome—on the Plymouth Hoe foreshore.

It should prove popular. For a long time there was nothing to indicate the historic signigicance of the Hoe nor to draw attention to Plymouth's greatest natural asset—the view of the Sound. The Dome will interpret the surroundings for the visitor through various techniques including a reconstructed old street and a variety of audiovisual displays.

The possibility is also being explored of transforming the Royal William Victualling Yard into a major new attraction. The

The city aims to put itself more firmly on the tourist map. Conversion of part of the Dockyard facilities offers the prospect of a unique attraction.

Yard consists of 14 acres of historic buildings constructed in the 1820s and 1830s on a promentory beyond the Millbay commercial docks.

What amounts to a unique collection of streets and buildings for recreating an early 19th century environment with a mixture of discreet tourist, office and retail developments is currently still in use as part of the Royal Naval dockyard.

Mr Michael Heseltine, the former Defence Secretary, suggested it should be given to the city as part of the compensation package for job-losses stemming from privatisation.

Following his resignation, progress has been limited, not least because it has been discovered that the buildings require expenditure of around £10m to make them structurally sound—money which neither the Ministry of Defence nor the City Council have.

Realistically too, the Yard probably needs a new access road if its full potential is to be realised. But the Yard's release and refurbishment would clearly add a major new dimension to Plymouth's tourist appeal.

More definate is the provision of major new £13.5m multipurpose leisure and conference centre on the site of the former Millbay Station. With seating for 2,500, but 1,200 retractable and 1,300 loose, it will enable Plymouth to stage major South West conferences and exhibitions, as well as encourage indoor sports.

Thanks to the Theatre Royal which opened in the early 1980s, Plymouth has been able to build up its conference business. Last year it attracted more than 9,000 delegates to a variety of conferences in the city. But the Theatre Royal is not ideal since the maximum it can cater for is 1,200. Its facilities have also become important as a social meeting place, so that its closure for private conferences is not popular. The new facility, which is due to open in January 1990, will give added strength to Plymouth's attraction for conferences.

The same promises to be true of Plymouth's developing airlinks. The introduction of daily flights between Plymouth and London City airport from October should bring Plymouth psychologically nearer to London and make it easier to attract business conferences.

The city's stock of standard hotel and guest house bed spaces has never been a problem. But there has been a shortage of international class accommodation sought, for instance, by the US package tour market. Within the past month, however, British Caledonian's rapidly-expanding Copthorne subsidiary has given a significant boost to the city's hotel stock by opening Plymouth's second four-star hotel.

Developed by Beazer Estates of Bath, and managed by Copthorne, the new 135-bedroom hotel aims primarily to cater for the business traveller.

That said, Mr Bill Clifford, the general manager, stresses that, whereas his four-star rival in Plymouth, the Holiday Inn, seeks to create an identical image for all its hotels, the new Copthorne group wants each of its hotels to develop its own distinctive identity.

Robin Reeves

Suzanne and Jacques Marchal in their Michelin-starred restaurant

Dining out

Well worth a journey

PLYMOUTH is not best-noted for its restaurants. Although the Barbican is dotted with small eating places, none comes up to the standards of, say, London's Covent Garden, with which the area is frequently compared.

The best are outside the city. The Horn of Plenty, Sonia Stevenson's creation at Gulworthy, is not an over-long ride but it takes some getting to, especially late in the evening. In the summer, the setting is superb and the food and cooking matches it.

Rather further afield, perhaps too far for those with late-evening appointments in the city, is the Gidleigh Park Hotel Restaurant in Chagford where it is advisable to book despite its geographic position pretty well in the centre of the county.

Chagford, a pretty, old-world place of no great population, boasts a number of places to eat out of keeping with its size. The Mill End, Great Tree and Easton Court hotels are all worth mentioning.

Much nearer the city, but over the Tamar bridge in Cornwall, is Heskyn Mill at Tideford. The cooking here matches the atmosphere in a tenderly restored 18th-century corn mill. The place looks like a pub, but do not be put off; the lively atmosphere is a good sign of an appreciated place.

The one great exception to the eat-away rule is Chez Nous, a restaurant that can hold its own with the best. Run by a Frenchman, Mr Jacques Marchal, and his English wife Suzanne, there is some obeisance to modern practices, such as writing the menu, which changes constantly, on a blackboard.

However, do not be put off by such pecadillos. Michelin has bestowed a star on the place, and not many restaurants in Britain can boast that award. And the locals bestow their patronage on it, making entry difficult (sometimes impossible) without booking in advance. Well worth a visit.

There are one or two other interesting restaurants, such as Green Lanterns in the Barbican, which attempts to bring out the best of British food in its menus, and bistros such as the Barbican Revival, The Distillery (very pretty) and Hosteria Romana. Otherwise, it is rather pot luck, picking a way among the pizzas and pasta houses.

In the hotels, portion control holds sway and the food flatters only to deceive.

The Holiday Inn has an 11th-floor penthouse restaurant overlooking the Hoe and the incomparable Sound where the decor cannot compete with the view and the food cannot compete with either. Downstairs in a pretty, bogus-rustic Mongers, the printed menu advertises "surf and turf" and "beef and reef."

The Mayflower Post House, part of Trusthouse Forte, also has incomparable views over the Hoe and Sound, though not of the Holiday Inn, and its restaurant is only on the first floor. Tight control guarantees the sort of Post House meal available all over the country. It also has a ground-floor coffee shop.

The Grand, next to the Mayflower, has a pretty restaurant in a building redolent of a much older Plymouth. The entrance does not have the space or chic considered essential by many modern hotels but reports from discerning patrons indicate the standard of the food is good and worth a try.

Other hotels include the Duke of Cornwall, in an imposing Victorian building and handy for those on their way to the ferry, and the Novotel, another chain hotel, on a roundabout towards the outskirts.

The latest addition is the Copthorne, opened in the middle of March and part of a chain owned by British Caledonian, with sisters in Aberdeen, Glasgow and Gatwick. All restaurants like their hotels, need time to shake down. But initial reports are encouraging. Mr Roderick Dawson, the chef, insists on using fresh and local produce and, where possible, he cooks to order.

Anthony Moreton

Ferries

Setback for EEC link

PLYMOUTH'S HOPES for an expansion of its port trade as a result of Spain and Portugal's accession to the EEC has suffered a setback with the decision of Compagnie Maritime Belge (CMB) last month to withdraw its freight only roll-on roll-off service between Plymouth and Bilbao.

The new route was introduced only last September, to provide a door-to-door service for unaccompanied trailers. The container trailer side was organised by a seperate company, Tracto, which marketed the service under the name Tractolink.

The cause of CMB's withdrawal is being attributed to operating difficulties on the Spanish side, and the loss of the service may only be temporary. Certainly, the amount of freight business the new route was attracting was apparently very encouraging.

A spokesman for Tracto said that the possibility of finding another carrier was among a number of options being examined. In the meantime, Tracto would be maintaining the door-to-door service to customers by shipping via the short sea crossing over the English Channel and then by road to and from Spain and Portugal.

These days, Associated British Port's Millbay Docks at Plymouth boasts a new £5m berth plus dual carriageway linkspan bridges, capable of taking the largest ro-ro ships in operation in European waters. It was installed by ABP precisely to enable Plymouth to take advantage of increased trade between the UK and Spain and Portugal.

To the same end, ABP is seeking parliamentary approval to infill the inner basin at Millbay docks in order to provide an extra 6-7 acres of land for freight marshalling.

With the A38 from Plymouth to the M5 at Exeter a dual carriageway, the port is particularly well placed for handling freight traffic to and from the Midlands and North of England. Containers for these destinations can be up the M5 in a few hours, avoiding the overcrowded roads of the South East of England altogether.

For the time, however, the only shipping line taking advantage of the improved ABP facility is Plymouth's prime commercial port user, Brittany Ferries.

Launched 12 years ago as a Breton farming co-operative venture to bring Brittany cauliflowers and other vegetables to the British market in prime condition, Brittany Ferries has developed into a highly successful and innovative passenger and freight business, operating a number of cross Channel routes and even offering hotels and holiday accomodation for its customers.

The services which it offers daily between Plymouth and Roscoff and twice weekly to and from Santander in northern Spain now attracts some half a million passengers and 20,000 freight units a year.

Mr David Longdon, Brittany Ferries' director in charge of operations at Plymouth, says that the entry of Spain and Portugal has not so far made a big difference to business. He believes that both countries are still "finding their feet" in trade terms.

At the same time, Mr Longdon says that its Plymouth services are operating close to capacity and that the company has commissioned a feasability study on, and is talking to European shipyards about, ordering a new ferry.

"It is a big decision. It is not always realised that modern ferries have three times the carrying capacity of a Jumbo jet. But I expect the company to come to a decision within the next few months," he says.

The new vessel under construction would cost around £50m and the capacity to carry 2,000 passengers and 500 cars or 85 articulated lorries (or a combination of the two)—nearly twice the carrying capacity of its current ferries in operation.

In the longer term, there is also the possibility of a direct sea link being introduced between Plymouth and northern Portugal.

"The area is ripe for development. There is also a high British ownership of holiday property in Portugal which should encourage passenger traffic," Mr Longdon notes.

On the other hand, the journey time is exceptionally long by European ferry standards—more than 30 hours at sea—and this could militate against the success of such a service. In any case, he stresses, the idea remains "on the back burner" for the time being.

Robin Reeves

Thriving trade at fish market

IT IS 6.15 in the morning and, as if it were not cold enough, crushed ice is being shovelled onto trays of fish graded into size and type and being laid out ready for sale.

At 7 am prompt, Russell Turner, like his father, grandfather and great-grandfather before him, begins auctioning the day's catch to the wholesalers who have gathered in the open building on the quayside.

As well as the sole, plaice, turbot and red mullet caught locally or brought in by the Penryn fleet, there is a daily lorry of filleted fish from Hull and Grimsby. The Brixham and Torbay co-operative will also hold its own auction.

The market has been on the quayside in Barbican since time immemorial and, though the present building, in the style of a Victorian railway station, does scant justice to the prime site and the potential to attract the thousands of tourists who visit the craft shops and restaurants in the area, it at least rings to the sound of thriving trade.

With the fleet in good heart and a steady export business to France and Belgium of monkfish tails and turbot, hake to Spain and even, sometimes, scallops to North America, the prospects for Russell Turner's sons, Michael and Robert, are good. They may even—say it quietly—be able to look forward to improvements which will make the markets more attractive and comfortable if such heresy is ever allowed to take hold.

Stuart Alexander

Mr Russell Turner: 'a fine catch for sale at Plymouth's Barbican fish auction'

New businesses

Helping hand for enterprise

WITH OVER 850 enquiries for advice and 1,800 individual consultations held during the year, Enterprise Plymouth is feeling just a little proud of the work it is doing. Born out of the need to give small businesses a leg up and new companies a sound start, even its home is a testament to the determination to fight back against adversity.

The group, which is sponsored by a large number of local companies and professional firms, operates from a large building in the Stoke area of the city which was vacated by Rank when they ceased television manufacture there. That building is now 85 per cent re-let and provides 94 offices and workshop units from 125 to 1,000 square feet and total 30,000 square feet.

The tenants pay about £7 per square foot per annum and that includes a service charge to pay for a communal reception, cleaning of common parts, lighting, some overhead heating and also includes rates. There are no leases and no time limits; some will be there for a lifetime.

The 50 or so businesses which operate under the umbrella of Plymouth Enterprise, employ about 300 in total and their combined turnovers are some £4m a year, according to the centre's director Fred Parker, who says that the environment is such that the failure rate has been cut to 10 to 12 per cent.

The advisory service, which serves a much wider area, is free to those in Stoke but is not forced on them; and in any case about 30 per cent of the counselling work is with existing small businesses and is available to those in a travel-to-work area with a radius of 25 miles.

Under the Government's current Enterprise Allowance Scheme, anyone who has been unemployed for eight weeks, is in receipt of benefit and has at least £1,000 in savings, can qualify for £40 a week for a year if they come off benefit and start their own business.

There have already been many applicants from those made redundant by the dockyard and retiring from the Navy. But the centre is gearing itself up to handle 4,000-5,000 applicants in the coming year as more people choose to set up their own businesses and as the expected shakeout at the dockyard become a reality.

Not all those leaving such employment, often with good training and skills, choose to continue with electronics or engineering and Enterprise Plymouth has already helped people do things which perhaps they always wanted to do, including photography, furniture making, jewellery making and design.

To complement them there are lectures on such things as marketing and sales—the Polytechnic will sometimes assess technical aspects, engineering, design or even aesthetics—and there is also an important research group to root out sales leads by keeping a record of published contracts. This allows businesses in the scheme to write to major contract winners in the hope of being sub-contractors.

Not all those taking part are local people. There are packages designed to attract people from further afield, again linking in with the thought that the M3/M4 areas are too expensive for start-ups, or that some people in the North may find it easier to be a sub-contractor in the busier south.

There is some help with finding venture capital and the Devon Development Bank has been set up with £1m, capital to be managed commercially for the benefit of small firms, but guidance is more prevalent than pump-priming.

Finally, there is also a youth enterprise scheme and Enterprise Plymouth co-ordinates the Shell UK Livewire scheme in Devon and Cornwall. Last year there were 29 submissions from Cornwall and 47 from Devon by the 16 to 25 year olds. Fred Parker has no doubt that the number will grow—and the quality with it.

Stuart Alexander

Media

TV seeks wider audience

THE MEDIA scene is as varied in Plymouth as in any other British city outside London. The town plays host to two television stations, two local radio stations, a morning and evening newspaper within the Associated Newspapers group and "freesheet" publication.

"It is very exciting working here," says Mr Mike Reid, manager of BBC TV South West. "Until the early 1980s our TV station provided a purely regional service with a local news magazine, Spotlight, every night, news bulletins throughout the day and a substantial number of half-hour regional programmes, called "opt-outs," where the station opts out of the network.

"For the last five or six years though, the station has seen an increasing number of its programmes repeated nationally and we now also make network-only programmes, such as the launching of that remarkable gastronaut Keith Floyd with Floyd on Fish."

Over at Television South West, the commercial company, Mr Harry Turner, the managing director, also points with considerable pride to the way in which the station has forced its way on to the network.

"Our first priority is to serve the region," he says, "so we have made sure our roots go down deeply here. We always ask ourselves: 'Is this story or programme relevant to the South West?'

"But we are anxious to get wider access to the network and want to reflect the South West on it. We have had some notable successes, such as with Robinson Country. This has been shown on Channel Four nationally and we have just completed a drama series, Same Day Man, actually commissioned by Channel Four. This was all shot in Plymouth and the region.

"It is very difficult for a station of our size to force its way on to the network, but the situation is improving."

Is it any easier than, say, 10 years ago?

"I wouldn't say it was 'easier' but it is 'less difficult.' What the regional companies say is that if the product is of the right quality then it should be able to get on to the network," he says.

Mr Turner, controlling a regional station, has a problem that does not concern Mr Reid. Both have to look to the bottom line but Mr Turner has also to consider profit. Revenue reached a record £23.4m in the year to July 1986 and is now running at an annual rate over £33m. Profit went up 63 per cent in the first half of this year to £1.8m.

Mr Turner's fear is that the present Government, given its free-market stance, might attempt to apply the principle to television. Auctioning franchises to the highest bidder, in place of the present seven-yearly beauty contest, could put the whole of independent television at risk, he feels.

"People could then buy a television station off the shelf and simply run it for profit," he says. "I have to balance making a profit with a total commitment to the public service ethic."

While close comparisons between the local television stations can be made, the radio stations are miles apart. BBC Radio Devon, and next-door Radio Cornwall, produce the usual regional output of news, comment and local affairs which are interspersed with programmes taken from Radios Two and Four. Plymouth Sound, the lively commercial radio station, is typical commercial radio, news flashes, some very local items and long hours of whatever is in the top 40 records.

The Western Morning News is to the written word what the two television stations are to the visual presentation of information. It is not just the city's morning newspaper but also the region's, reaching as far as Penzance. Given its later deadlines it ought to be in a position to beat the nationals on late stories but on the morning last month that the Government announced the privatisation of BP in a statement in the Commons just before 10 pm, the paper carried not a word about the story which later became a major story in the nationals.

Within Plymouth it faces some competition from the Plymouth Star, the give-away, and rather more from the evening Western Evening Herald, its sister paper in the Associated Newspapers group. The Herald is not one of the stronger regional evenings but covers its area in a lively fashion and like the News has been a good training ground for Fleet Street.

That, too, is a boost Mr Reid likes to make for TV in Plymouth. "A number of people who have become network personalities, such as Sue Lawley, Jan Leeming, Hugh Scully and Kate Adie started here. Not bad for a regional station."